

MASS. MA 18.1:999

✓The Department of Industrial Accidents

✓*Fiscal Year 1999 Report*



✓The Massachusetts Workers' Compensation System *Proven Effective*

GOVERNMENT DOCUMENTS
COLLECTION

OCT 25 2000

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INTRODUCTION TO WORKERS' COMPENSATION IN MASSACHUSETTS

The concept of Workers' Compensation was formally activated in Massachusetts in 1912. This system became known as the "Poor Man's Court" as it replaced the court system as the means of resolving contested injured workers' claims for compensation.

Few changes were forthcoming in the next 70 years (between 1912 and the mid 80's). In 1985 and 1986 provisions were made that opened region offices, created cost of living adjustments, established a "trust fund" to pay for claims of workers in the employ of uninsured employers, and established a vocational rehabilitation program.

While these were necessary changes to the workers' compensation system, it was the reform act of 1991, Chapter 398, that addressed the crux of the contemporary problem in Massachusetts. As you will note from our past performance and in your review of this document, this administration turned the system from a cumbersome and expensive effort wrought with fraud into an efficient process that has benefited labor and business in the Commonwealth.

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PREFACE

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James J. Campbell

COMMISSIONER'S REMARKS

From the top



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COMMISSIONER'S REMARKS

As we all look toward the new millennium with enthusiasm and a bit of apprehension, the Department of Industrial Accidents continues to work hard and diligently maintain the best Workers' Compensation system in the United States. For the past several years our Massachusetts System has set the standard for workers' comp. systems around the nation. Since 1994 Massachusetts has attracted international interest and most recently has hosted workers' compensation and labor officials from Europe, the Balkans, Asia and Australia including a five-day visit of a senior labor official from Hong Kong.

The Commonwealth's strong economy, a safer working environment (in part, as a result of the increased emphasis in, and effectiveness of, the Department's Safety Program), in concert with solid workers' compensation policies, have interacted and resulted in a series of banner years for workers' compensation and the state. While Massachusetts has experienced economic stability, low unemployment and prosperity; our Workers' Compensation System has contributed to this well being with dramatic and unprecedented reductions in workers' comp. claims, by increasing the number of insured employees and precipitating a meaningful reduction in the cost of operating a business in the Commonwealth. Where 8 years ago the workers' compensation system in Massachusetts was one of the state's liabilities driving business away with spiraling costs and rampant fraud, it is now one of our showcase assets with national and international advocates. To ensure that Massachusetts continues in the leadership role in this arena, we must move forward with the vision and confidence to face the challenges ahead.

During Fiscal Year 1999 the Department continued preparations for maintaining an efficient and effective workers' compensation system in the 21st century and to lay out our plans for the future. While the Commonwealth has enjoyed a strong and healthy workers' compensation system over the past several years, we cannot expect these favorable workers' compensation trends to continue indefinitely, nor can we ignore those outside factors that can and will effect the system in the future. Health care costs continue to rise - a key element in any workers' compensation program. We are now entrenched in a global economy moving at the speed of the computer chip where national fortunes are not, and cannot be insulated from the International Market. In order for this Department to serve the public interest, we must establish our goals for the future and anticipate *the* changing market place, economy and workforce. Our team set out in FY99 to maintain the workers' compensation system on a steady course that would be sensitive and responsive to the inevitable variability of the future. I am very pleased to present this annual report as an example of the foundation being laid for the coming times. We have made great strides in many areas but also have had some unexpected issues arise that require time and energy to solve.

Here is an over view of the Department's FY99 accomplishments. The Department has:

- successfully maintained a steady **case flow** with no backlog for scheduling purposes.
- instituted procedures to alleviate a backlog of 924 **§37/37A cases**.
- provided additional PC's and hardware and software upgrades that have **improved performance** and provided our employees with greater efficiency and flexibility in performing their jobs.
- continued the **decline of disputed claims** from 552 in 1992 to 224 in FY99. Claims against the Workers' Compensation Trust Fund have fallen from 40,575 in 1992 to 19,689 in FY99, a decline of more than 50%.
- we are expecting a workers' comp. **premium rate reduction** of 20% +/- early in Fiscal Year 2000.
- awarded \$800,000 in **safety contracts** over this FY to train workers on how to prevent injuries and maintain a safer workplace.
- continued to reduce the annual **cost of workers' compensation** in the Commonwealth from \$2.7B in 1991 to \$1.4B in 1999.
- conducted a Department **Management Review** that improved the organization and operations of several Offices in the DIA.

Let me acknowledge a few of the players whose contributions were of such importance that without them the system might not have successfully supported the healthy Massachusetts economy, reduced the cost of workers' compensation, shrunk the Assigned Risk Pool, and supported the Commonwealth's work force. The Senior Judge Joe Jennings in Dispute Resolution and Bill Sivert, Vin Luca and Jim Hayes in the Division of Administration made the system work every day; Angelo Buonopane, Director of Labor and Work Force Development provided policy and decisions and Governor Cellucci gave us our catalyst, the Workers' Compensation Reform Act, his guidance and support and the tools to accomplish the mission.

Accomplishments are not possible, however, without our employees and our Advisory Board members dedicated to achieving our goals. Their efforts and accomplishments are much appreciated and continue to make the reform a success.

James J. Campbell
COMMISSIONER

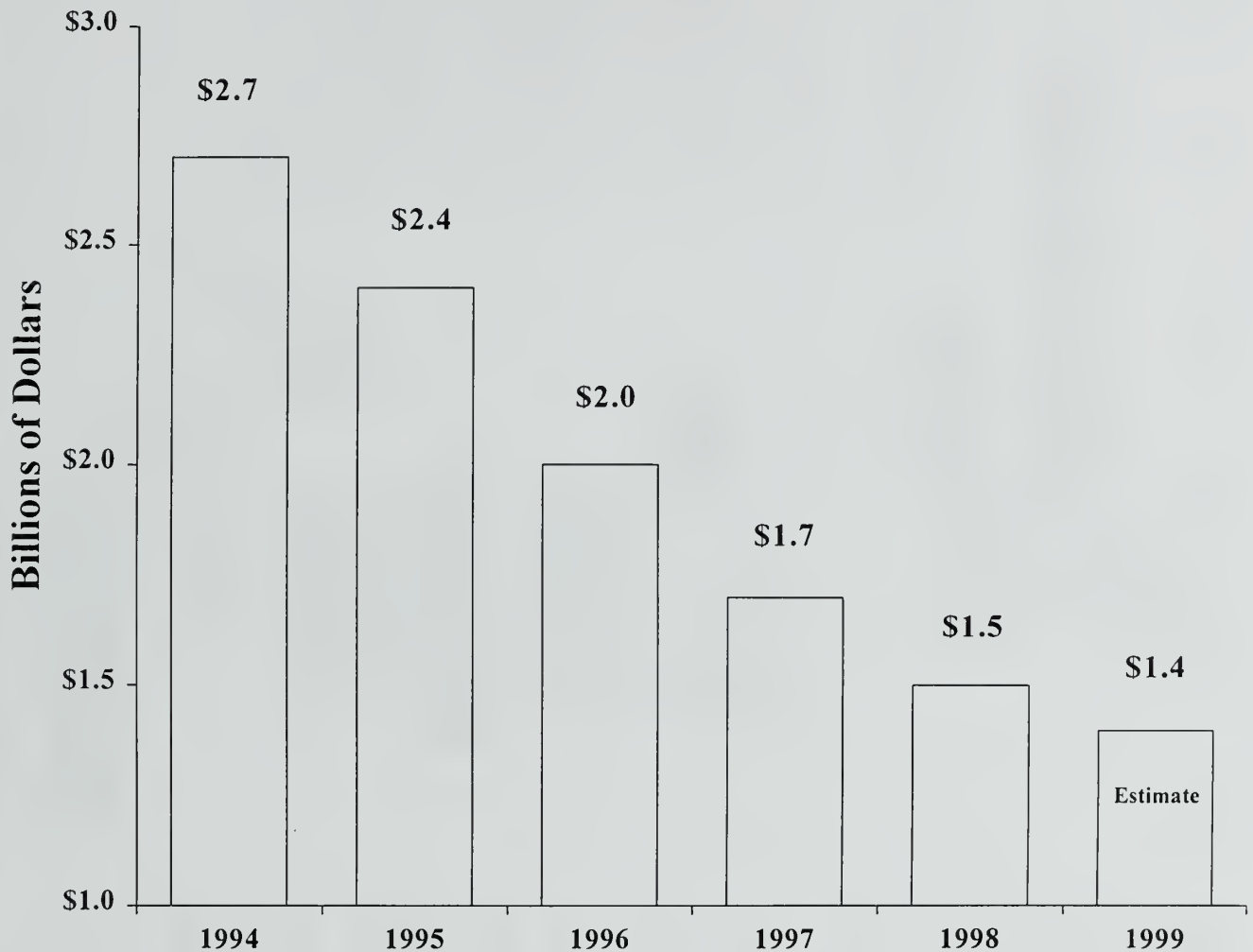


THE COMMONWEALTH OF MASSACHUSETTS

Department of Industrial Accidents

James J. Campbell, Commissioner

Cost of the Workers' Compensation System



**ESTIMATED ANNUAL COSTS OF THE MASSACHUSETTS WORKERS' COMP.
(in Billions)**

Source: Workers' Compensation Rating & Inspection Bureau, - DIA Commonwealth of Massachusetts
Prepared: July 1999

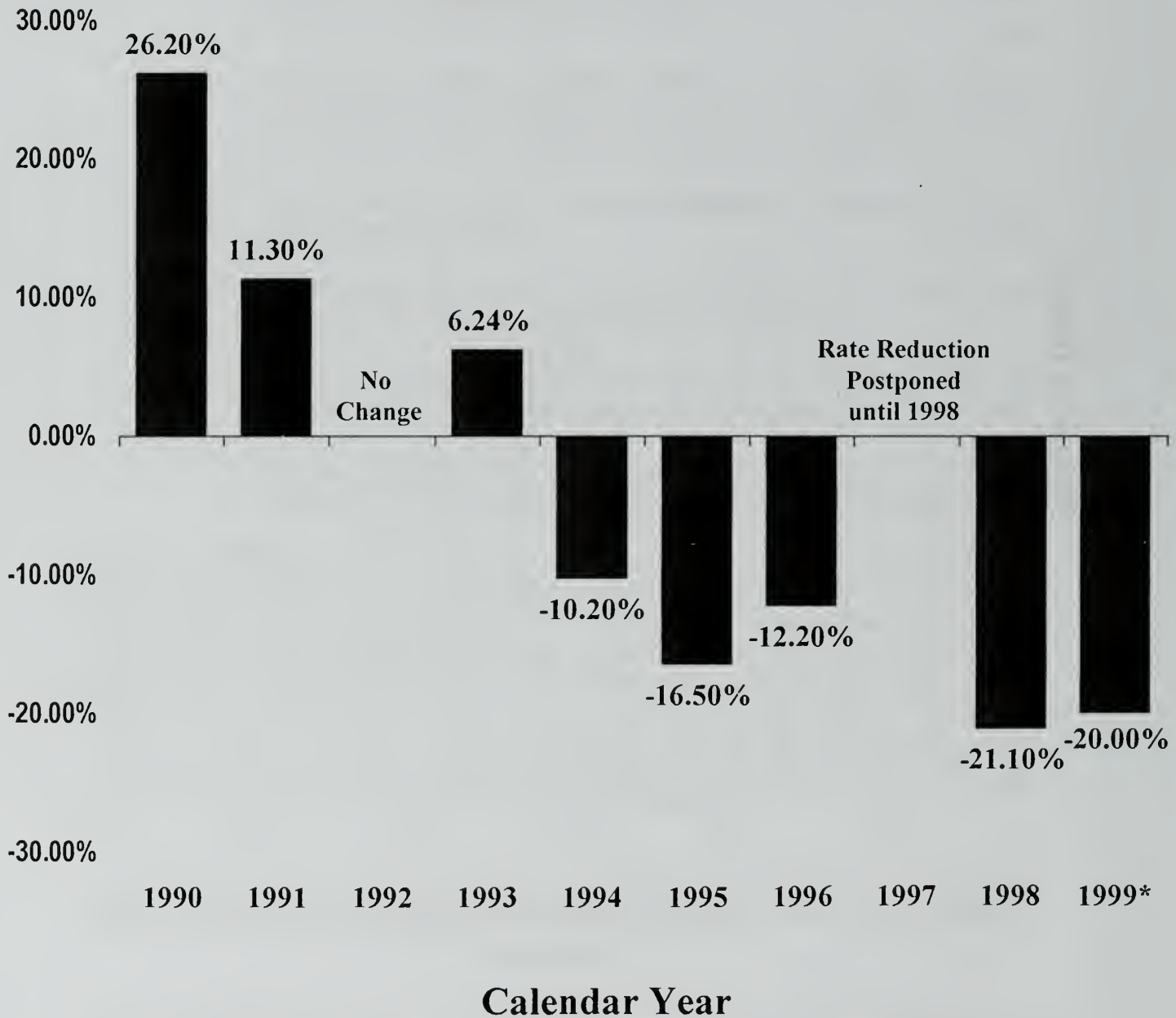


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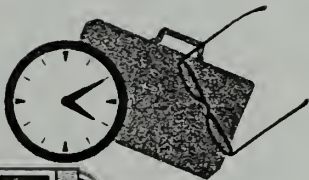
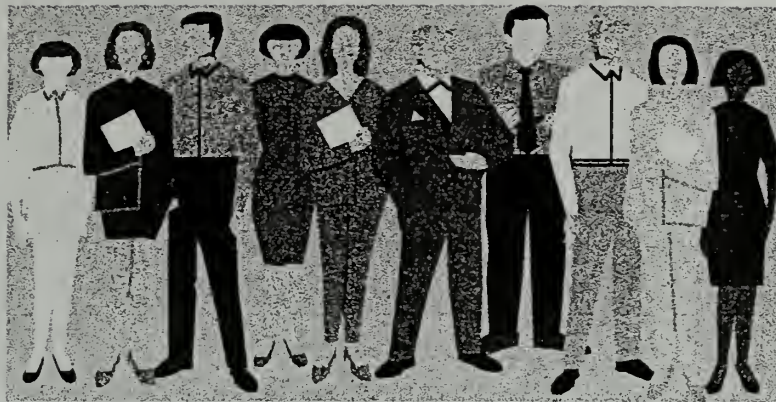
Department of Industrial Accidents

James J. Campbell, Commissioner

Changes in Workers' Compensation Premium Rates



***Projected Reduction Expected in Late August of 1999**



ADMINISTRATION

FINANCE & ACCOUNTING



Balancing the Books

HIGHLIGHTS

- **Transition of the Budget Tracking System from Excel to Access.**
- **Implementation of Procurement Training.**
- **Funding Support for DIA Computer System.**
- **WCTF Accountants incorporated into F & A after management review.**

FINANCE & ACCOUNTING

The Office of Finance and Accounting handles all financial matters for the agency including the Workers' Compensation Trust Fund. Finance and Accounting is responsible for all payments, receivables, budgeting, spending plans, contract administration and operating expenses. The office is headed by the Budget Director who has a staff of 17 consisting of an Administrative Assistant I, an Accountant V, an Accountant IV, four Account III's, six Accountant II's, a Business Management Specialist, and two Contract Specialist II's. The Accountant V is the staff supervisor and is the senior staff accountant. Each staff member is assigned specific financial functions and duties to insure that all fiscal affairs are handled professionally and in a timely manner. The Administrative Assistant I acts as assistant to the Budget Director.

During FY99 the Finance and Accounting Office continued to streamline operations by transitioning the Budget Tracking System from Excel to Access. This will allow the Finance and Accounting Office more flexibility in tracking trends in spending.

The Finance and Accounting Office has continued to work closely with all units of the DIA to implement procurement training as set forth by Operational Services Division (OSD). The Office is responsible for quality assurance with respect to all Requests for Responses to be submitted to OSD and is primary liaison to that agency.

The Finance and Accounting Office coordinated the funding for an Agency wide computer system upgrade. This upgrade will allow the Agency to operate more efficiently within the Windows environment. The following pages give a detailed account of the DIA's financial activities throughout FY99.

Changed After Management Review

As a result of a Departmental management review, the accounting staff assigned to the Workers' Compensation Trust Fund were incorporated into the Finance and Accounting unit. This change allows for tighter financial controls, streamlines the budget process, and ensures that appropriate accounting procedures are followed.



Department of Industrial Accidents

Special, Private and Public Funds - *Financial Report*

Fiscal Year 1999 Budgeted

Subsidiary	Special Fund	Private Fund	Public Fund
AA - Salaries	\$12,872,457	\$1,352,255	\$0
BB - Reg. EE Expenses	\$135,105	\$22,250	\$0
CC - Special EE Comp.	\$27,500	\$0	\$0
DD - Pension & Ins.	\$299,026	\$385,525	\$0
EE - Admin. Costs	\$572,435	\$111,250	\$0
GG - Energy Costs	\$1,697,625	\$152,346	\$0
HH - Consultant Services	\$356,520	\$585,250	\$0
JJ - Operational Services	\$166,670	\$455,000	\$0
KK - Equip. Purchases	\$626,622	\$65,000	\$0
LL - Equip. Lease & Rental	\$211,467	\$89,960	\$0
MM - Purchased Client Srvs. (For Human & Non-Human Srvs)	\$42,184	\$24,000	\$0
PP - Safety Contracts	\$757,816	\$0	\$0
RR - Entitlement Programs	\$0	\$41,340,560	\$2,415,880
TT - Utility Audit	\$655	\$0	\$0
TOTAL	\$17,766,082	\$44,583,396	\$2,415,880



Department of Industrial Accidents

Special Fund-*Financial Report*

Collections & Expenditures

Fiscal Year 1999

<u>Collections</u>	<u>Amount</u>	<u>Sub-Total</u>	<u>Total</u>
Interest	\$808,450		
		\$808,450	
Assessments	\$16,154,391		
Returned Checks	(\$2,032)		
Refunds	(\$35,059)		
		\$16,117,300	
Filing Fees	\$3,840,649		
Collection Fee	(\$20,873)		
Returned Checks	(\$1,486)		
Refunds	(\$3,784)		
		\$3,814,506	
First Report Fines	\$321,593		
Collection Fee	(\$14,111)		
Returned Checks	(\$200)		
Refunds	(\$100)		
		\$307,182	
Stop Work Orders	\$480,995		
Refunds	(\$100)		
Returned Checks	(\$10,233)		
Collection Fee	(\$73,031)		
		\$397,631	
Late Assessment Fines	\$40,698		
Miscellaneous	\$31,765		
Sec. 7 & 14 Fines	\$0		
Refund Sec. 7 Fine	(\$13,600.00)		
		\$58,863	
Total Collections			\$21,503,932
<u>Expenditures</u>			
Salaries	\$12,607,469		
Fringe Benefits	\$3,016,857		
Indirect Costs	\$369,149		
Non-Personnel Costs	\$4,599,654		
IP Indirect - Ex.	\$40,903		
Total Expenditures			\$20,634,032
Net Collections			\$869,900
Previous Year Balance			\$10,915,459
Year End Balance			\$11,785,359



Department of Industrial Accidents
Private Trust Fund-*Financial Report*
Collections & Expenditures
Fiscal Year 1999

<u>Collections</u>	<u>Amount</u>	<u>Sub-Total</u>	<u>Total</u>
Interest	\$684,536		
		\$684,536	
Assessments	\$45,753,726		
Refunds	(\$99,739)		
Returned Checks	\$0		
		\$45,653,987	
Reimbursement (Sec.65)	\$1,535,973		
Returned Checks	(\$68,163)		
Collection Fees	(\$68,582)		
Refund	\$0		
		\$1,399,228	
Miscellaneous	\$0		
Sec. 30H	\$5,583		
		\$5,583	
Total Collections			\$47,743,334
<u>Expenditures</u>			
Administrative	\$289,888		
COLA & Related Exp.	\$34,107,024		
Consultants	\$130,008		
Claims Expenses	\$100,972		
Claims Payments	\$3,289,550		
Employee Expenses	\$1,267,394		
Vocational Rehab Exp.	\$11,637		
		\$39,196,473	
Total Expenditures			\$39,196,473
Net Collections			\$8,546,861
Previous Year Balance			\$10,405,623
Year End Balance			\$18,952,484



Department of Industrial Accidents
Public Trust Fund-*Financial Report*
Collections & Expenditures
Fiscal Year 1999

<u>Collections</u>	<u>Amount</u>	<u>Sub-Total</u>	<u>Total</u>
Interest	<u>\$6,322</u>		
		\$6,322	
Assessments	\$2,422,464		
Refunds	\$0		
Returned Checks	<u>\$0</u>		
		\$2,422,464	
Balance Forward		<u>\$3,078</u>	
Total Collections			\$2,431,864
<u>Expenditures</u>			
RR COLAS		\$2,086,474	
RR Sec. 37		\$329,406	
RR Latency Claims		\$0	
RR Rehab		\$0	
MM IME Sec. 37		<u>\$0</u>	
Total Expenditures			<u>\$2,415,880</u>
Year End Balance			<u><u>\$15,984</u></u>



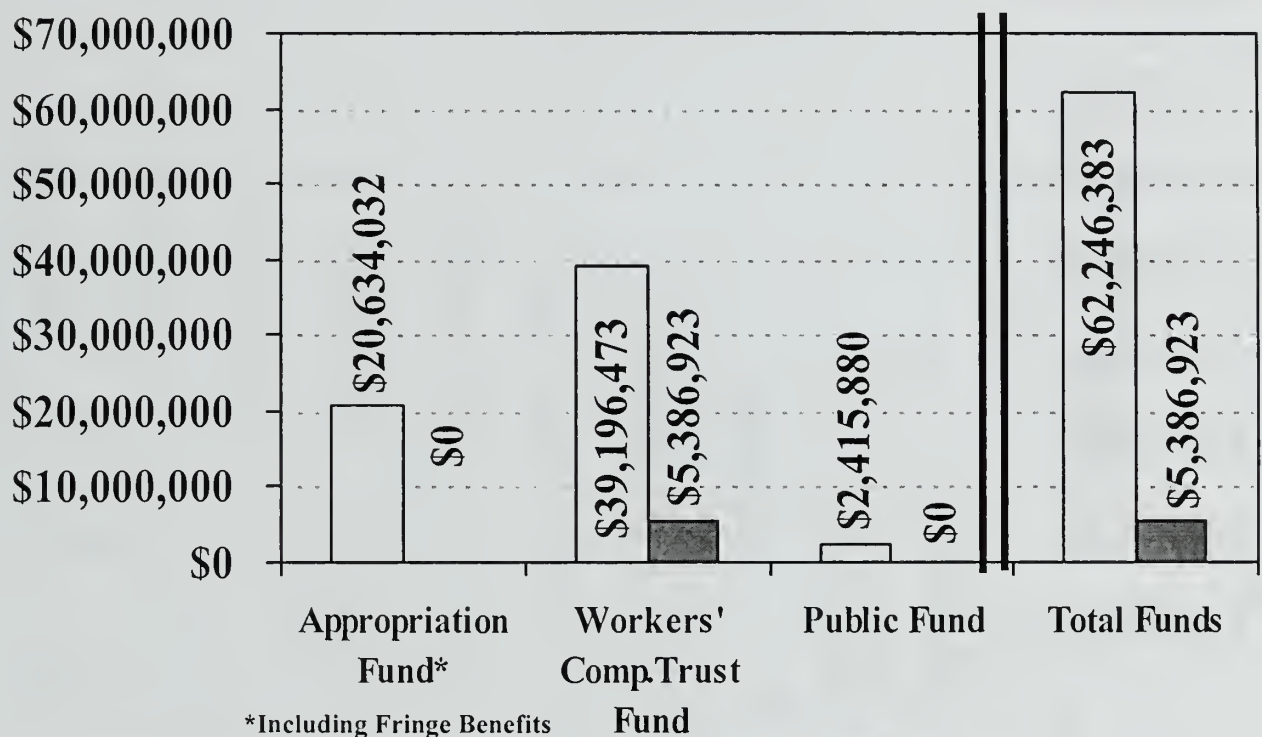
THE COMMONWEALTH OF MASSACHUSETTS

Department of Industrial Accidents

James J. Campbell, Commissioner

Office of Finance & Accounting

DIA Operating Budget and Funds Managed
For Fiscal Year 1999



□ Funds Expended ■ Unused Funds

Total Funds Budgeted FY 1999	<i>Appropriation Fund*:</i>	\$20,634,032
	<i>Workers' Comp. Trust Fund:</i>	\$44,583,396
	<i>Public Fund:</i>	<u>\$ 2,415,880</u>
	<i>Total:</i>	\$67,633,310

Source Dept of Industrial Accidents, Commonwealth of Massachusetts

Prepared: November, 1999

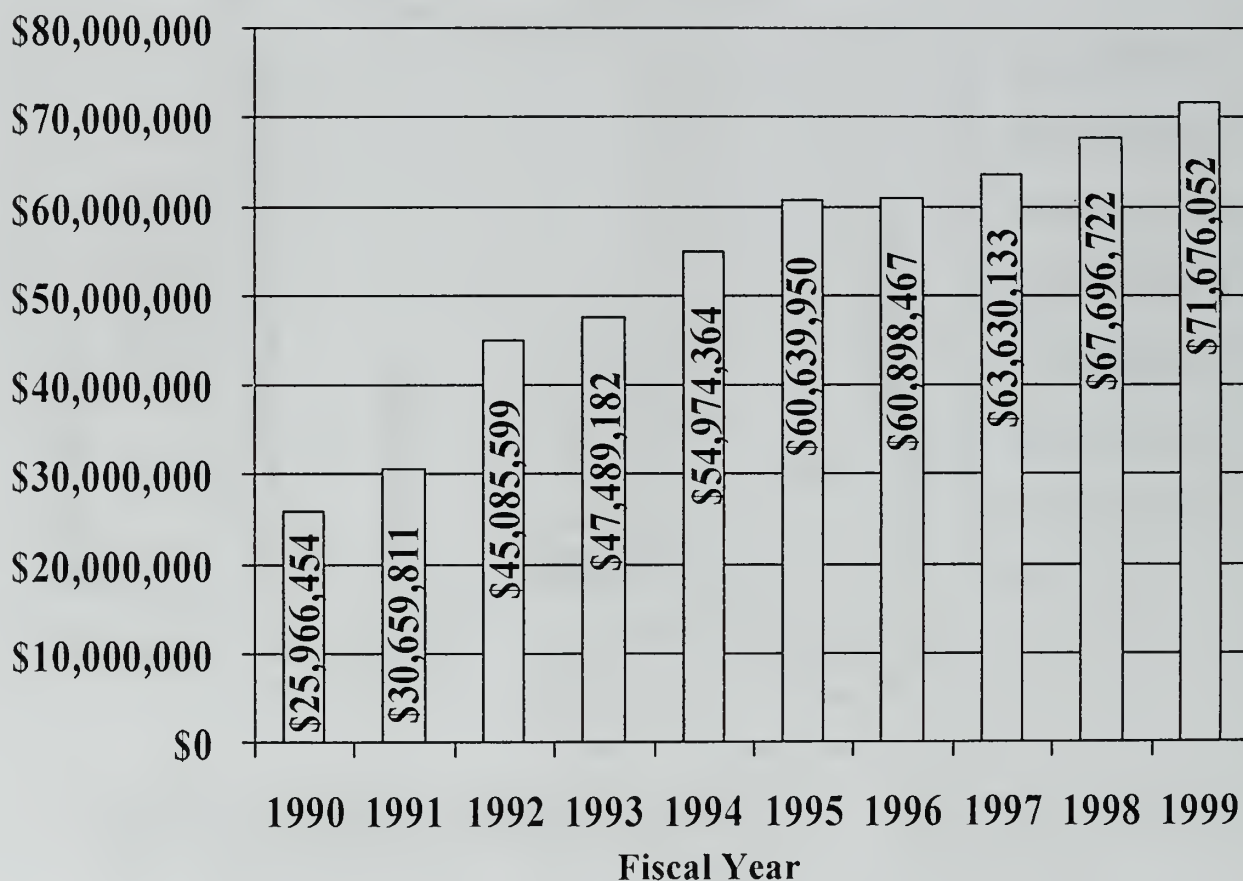


THE COMMONWEALTH OF MASSACHUSETTS

Department of Industrial Accidents

James J. Campbell, Commissioner

Office of Finance & Accounting



TOTAL COLLECTIONS*

*Excludes interest & miscellaneous income

Source: Dept. of Industrial Accidents, Commonwealth of Massachusetts

Prepared: November 1999

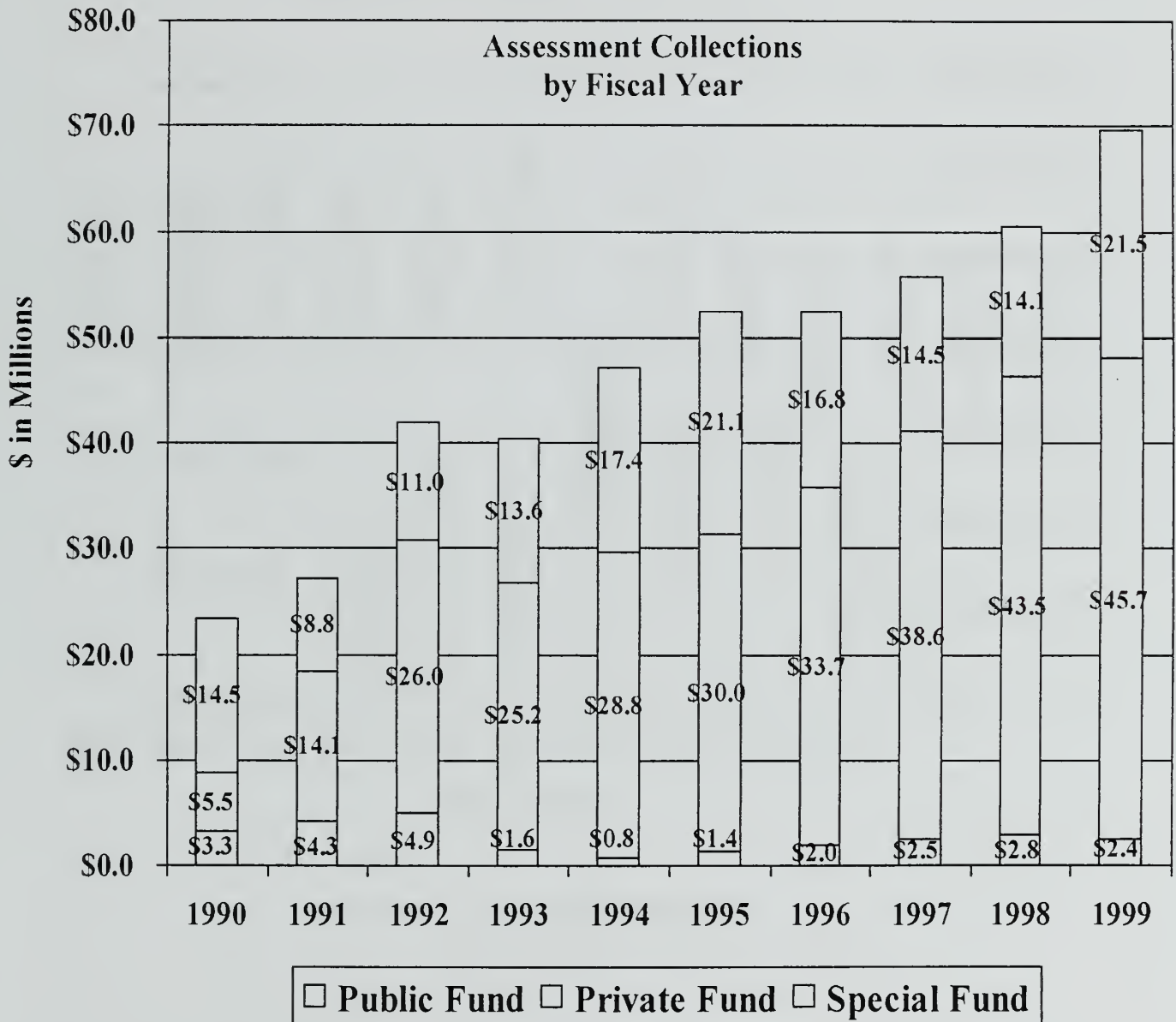


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Department of Industrial Accidents

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Source Dept of Industrial Accidents, Commonwealth of Massachusetts

Prepared: November, 1999

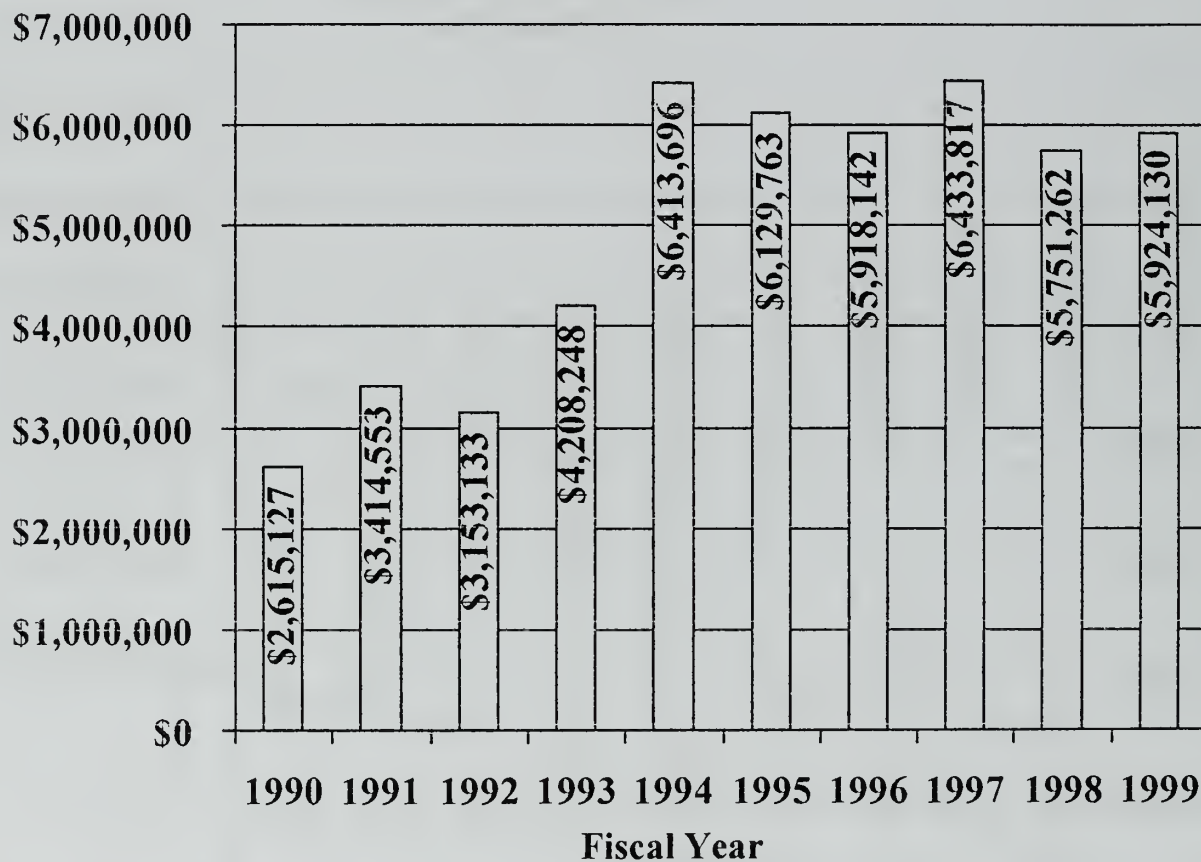


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TOTAL DEBT COLLECTION

Source Dept of Industrial Accidents, Commonwealth of Massachusetts

Prepared: November, 1999

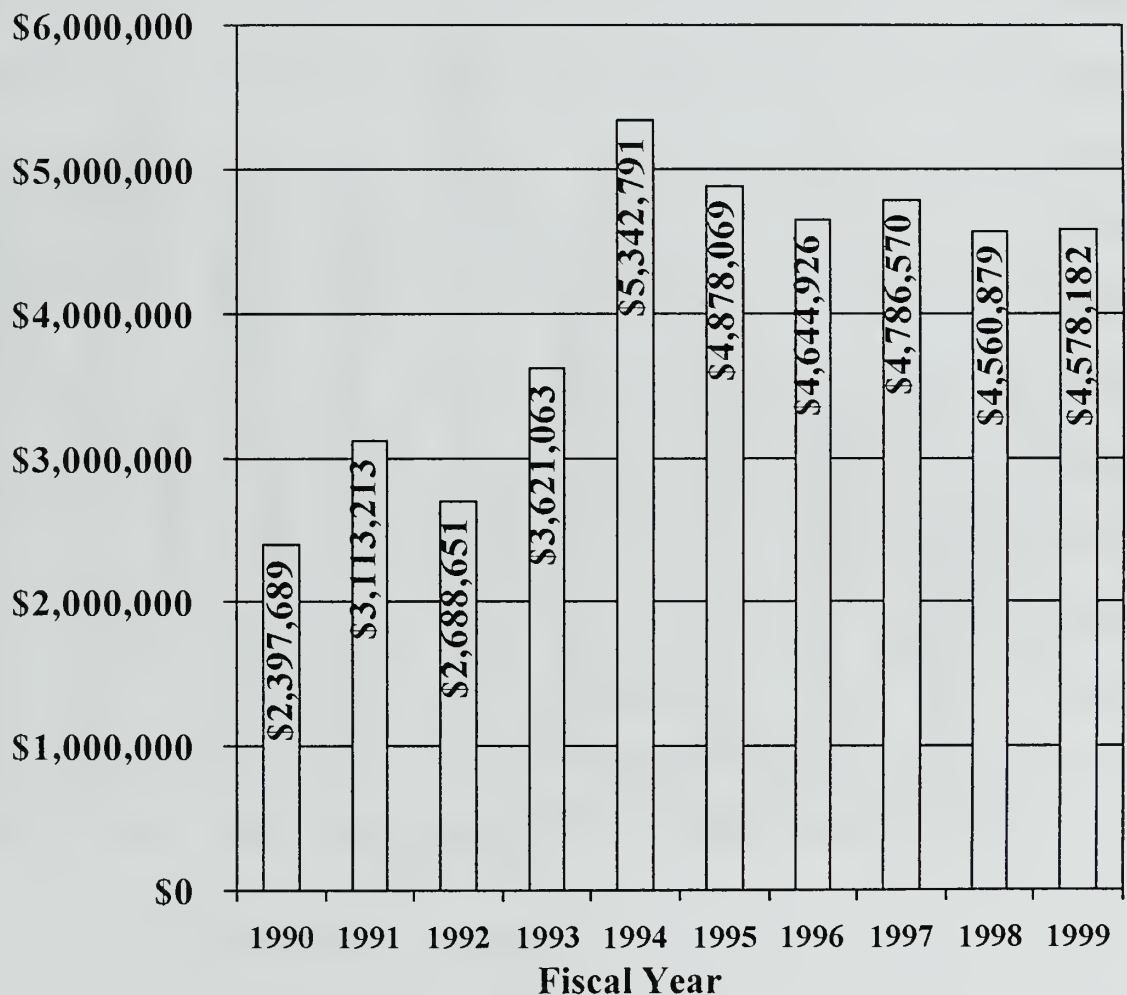


THE COMMONWEALTH OF MASSACHUSETTS

Department of Industrial Accidents

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Office of Finance & Accounting



COLLECTED FINES & FEES

Source Dept of Industrial Accidents, Commonwealth of Massachusetts

Prepared November 1999

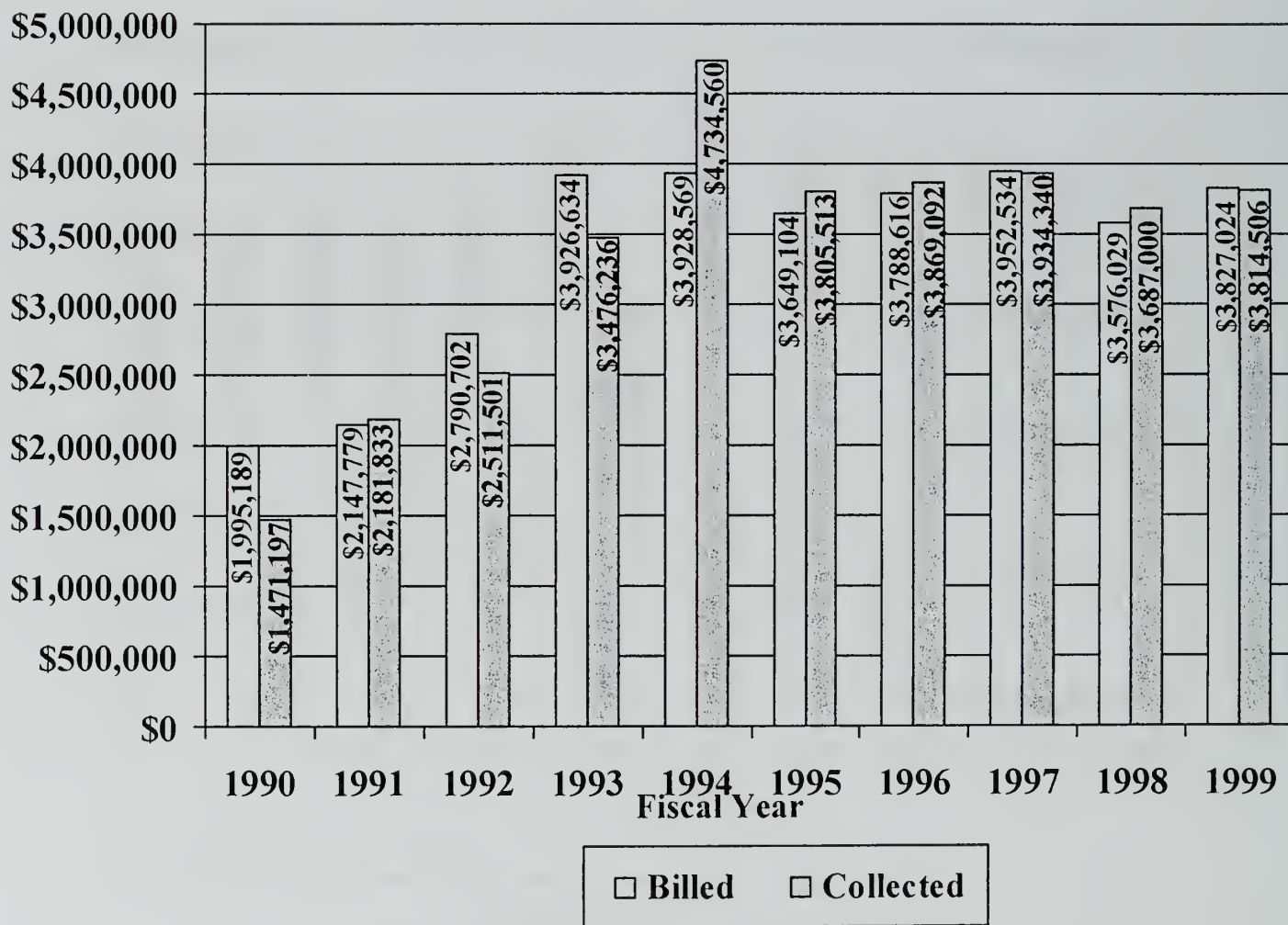


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Department of Industrial Accidents

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Referral Fees

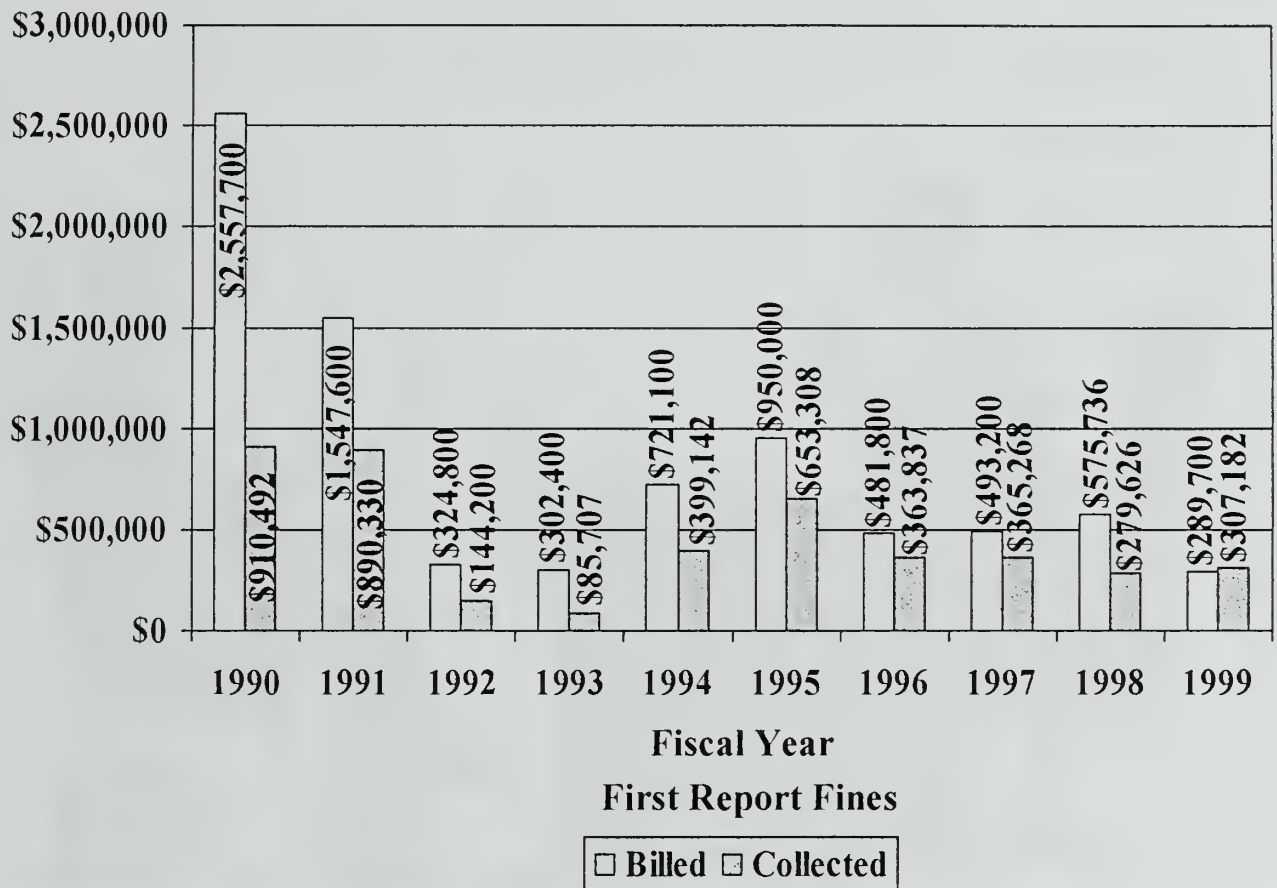


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Department of Industrial Accidents

James J. Campbell, Commissioner

Office of Finance & Accounting



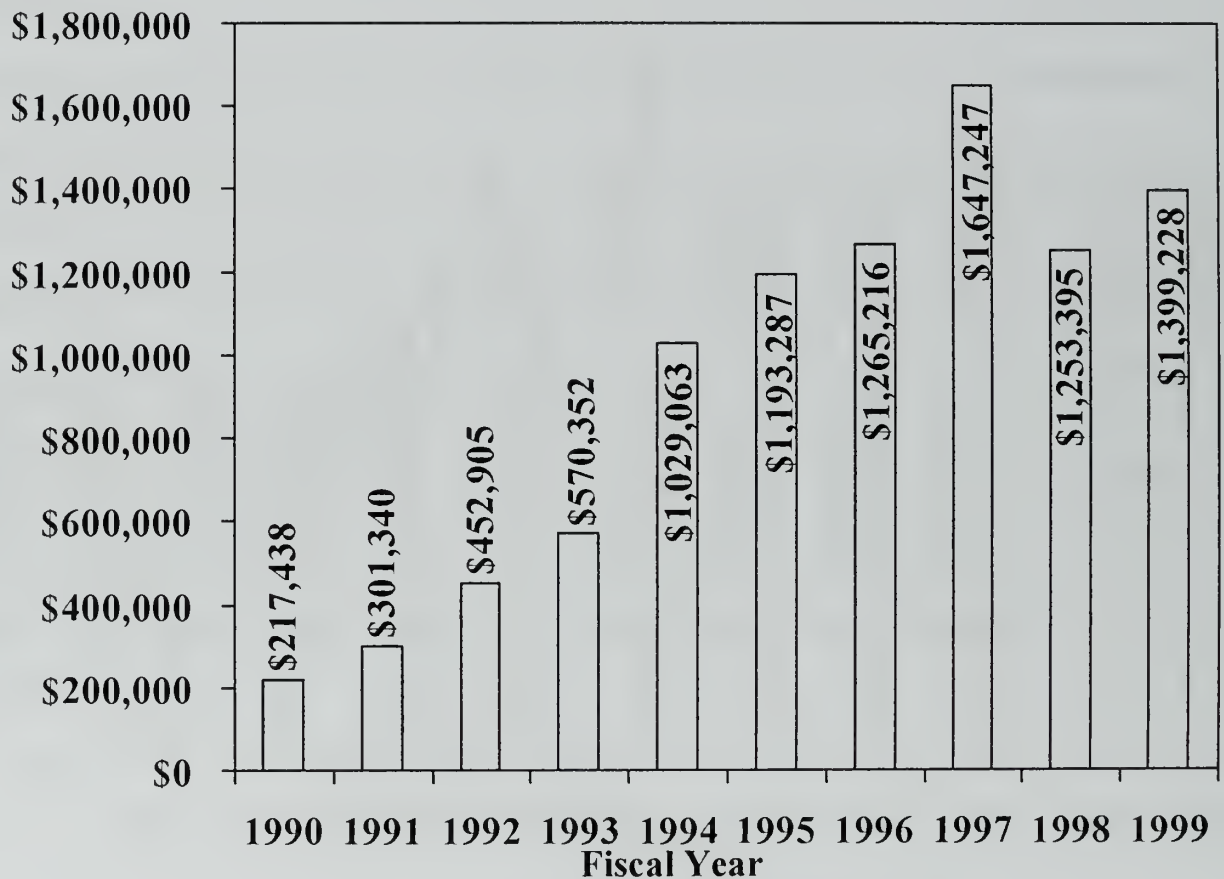
Source: Dept. of Industrial Accidents, Commonwealth of Massachusetts
Prepared: November 1999



THE COMMONWEALTH OF MASSACHUSETTS
Department of Industrial Accidents

James J. Campbell, Commissioner

Office of Finance & Accounting



**Section 65 Reimbursements From
Uninsured Employers**

Source Dept of Industrial Accidents, Commonwealth of Massachusetts

Prepared November 1999

HUMAN RESOURCES & CIVIL RIGHTS



Quality and Diversity

Human Resources

HIGHLIGHTS

- A SICK LEAVE Monitoring System has resulted in improvement in sick leave usage.
- Universal Access to state job openings through Commonwealth Employment Opportunities.
- A more in depth employment application was developed along with access to Criminal Record Information.
- WORK PLACE SOLUTIONS- Employees' Assistance Program.

HUMAN RESOURCES

The Office of Human Resources (a.k.a. Personnel) provides centralized personnel administrative functions for the DIA. The Principal activities include assisting managers in recruitment efforts, posting vacancy announcements and job advertisements, coordinating civil service list requests, overseeing payroll administration, maintaining grievance records, and serving as general liaison with the Commonwealth Human Resources Division (HRD). The Office also provides administrative and clerical support services for other units of the agency.

The Sick leave Report, which was developed in fiscal year 1992, has continued through fiscal year 1999 and as a result there has been a significant improvement in sick-leave usage. The Department's target (which is the Governor's target) is for each employee to use no more than 6 sick days per year. Because of the monthly sick leave report, the managers are able to monitor the sick leave usage.

The Department has ongoing training opportunities for employees at all levels: clerical, supervisors and management relevant to their current function and promoting their continued professional growth.

Universal Access to state job openings through Commonwealth Employment Opportunities (CEO) was established in 1998 and has continued through Fiscal Year 1999. In order to ensure equal employment opportunity through universal access to all job postings, agencies must post all jobs on CEO (including management positions) for a minimum of four weeks. Concurrent with this new policy all positions on the Personnel Management Information System (PMIS) are flagged and are not unflagged by HRD until the position has been posted for the four-week period.

A more in depth employment application was developed along with approval for Criminal Offender Record Information (CORI) check. This certification entitled DIA access to CORI conviction and pending criminal case data for the purpose of determining whether a claimant is precluded from receiving compensation benefits and for the purpose of screening current and otherwise qualified prospective employees with access to sensitive financial, medical and personal claimant information.

In fiscal 1999 the DIA applied for and was approved by HRD to accept the authority for the administration of specific Civil Service functions for position titles which are included in and subject to the Division's Continuous Testing (Con-Test) Program. These functions are the: 1) certification process for all position titles as they are included in Con-Test; 2) appointment approval process and 3) official record keeping responsibilities for all certification and appointment activity. The Con-Test program will enable the DIA to qualify provisional employees as permanent as positions are included into the program.

The Department has contracted with WORK.PLACE SOLUTIONS, an employee assistance program. This program is available to employees and their eligible dependents so that they may obtain professional assistance in dealing with their problems. Another benefit is the management consultation program that allows for early intervention on job performance problems. Work.Place Solution Counselors are trained to consult with managers and supervisors who are dealing with an employee who is experiencing problems. The program has been a success in its first year by helping several employees in an effective and discreet manner.

CIVIL RIGHTS OFFICE

The Civil Rights Office provides a variety of administrative services and educational programs to address the wide range of issues that arise in diverse workplace such as ours. We respond to questions about Equal Employment Opportunity/Affirmative Action and diversity, provide awareness training for employees on sexual harassment and other sensitive topics in order to educate the staff and managers how best to deal with these issues. Additionally, we meet with managers to determine AA goals and seek to develop strategies for achieving them, provide career counseling and other employee services.

The Civil Rights Office is tasked with investigating and resolving complaints of discrimination, including sexual harassment in workplace. The goal is to have a workplace free of discriminatory behavior in order to foster a healthy work environment for all employees. In addition the Civil Rights Office reviews affirmative action plans of vendors holding contracts with the agency, assists in providing reasonable accommodation for qualified employees and clients with disabilities, makes hiring recommendations by reviewing the impact on DIA's diversity, monitors employment activities in the agency and produces quarterly and annual reports for compliance with affirmative action requirements.

During Fiscal Year 1999, the agency worked to enhance the current diversity program through educating managers how best to handle these issues. This educational process will be ongoing and will cover a wide variety of topics. Nurturing the concept of a diversified workforce will help to create consistency in our personnel and hiring policies. Creating an environment in which managers can best address pertinent issues with greater understanding of their employees is a benefit to the entire organization. However, the success of systems within an agency is determined by the acceptance of these concepts by its managers. It is our hope that further education can help our managers expand on past achievements. Although we are charged with the responsibility of enforcing pertinent laws and regulations, we also seek to advocate changes in behavior that will promote respect and dignity among those we employ.

The Civil Rights office is held accountable for agency compliance to the stated laws and regulations of the United States and the Commonwealth of Massachusetts.



THE COMMONWEALTH OF MASSACHUSETTS

Department of Industrial Accidents

James J. Campbell, Commissioner

STAFFING HISTORY

	DIA	WCTF
1991		
Positions Authorized	302	17
Positions Filled A/O 30 January 91	270	2
1992		
Positions Authorized	332	17
Positions Filled A/O 30 January 92	264	7
1993		
Positions Authorized	332	17
Positions Filled A/O 30 January 93	301	8
1994		
Positions Authorized	332	19
Positions Filled A/O 30 January 94	302	15
1995		
Positions Authorized	332	21
Positions Filled A/O 30 January 95	310	17
1996		
Positions Authorized	333	23
Positions Filled A/O 30 January 96	321	20
1997		
Positions Authorized	333	23
Positions Filled A/O 30 January 97	316	21
1998		
Positions Authorized	310	23
Positions Filled A/O 30 January 98	297	21
1999		
<i>Positions Authorized</i>	<i>315</i>	<i>24</i>
<i>Positions Filled A/O 30 January 99</i>	<i>300</i>	<i>22</i>



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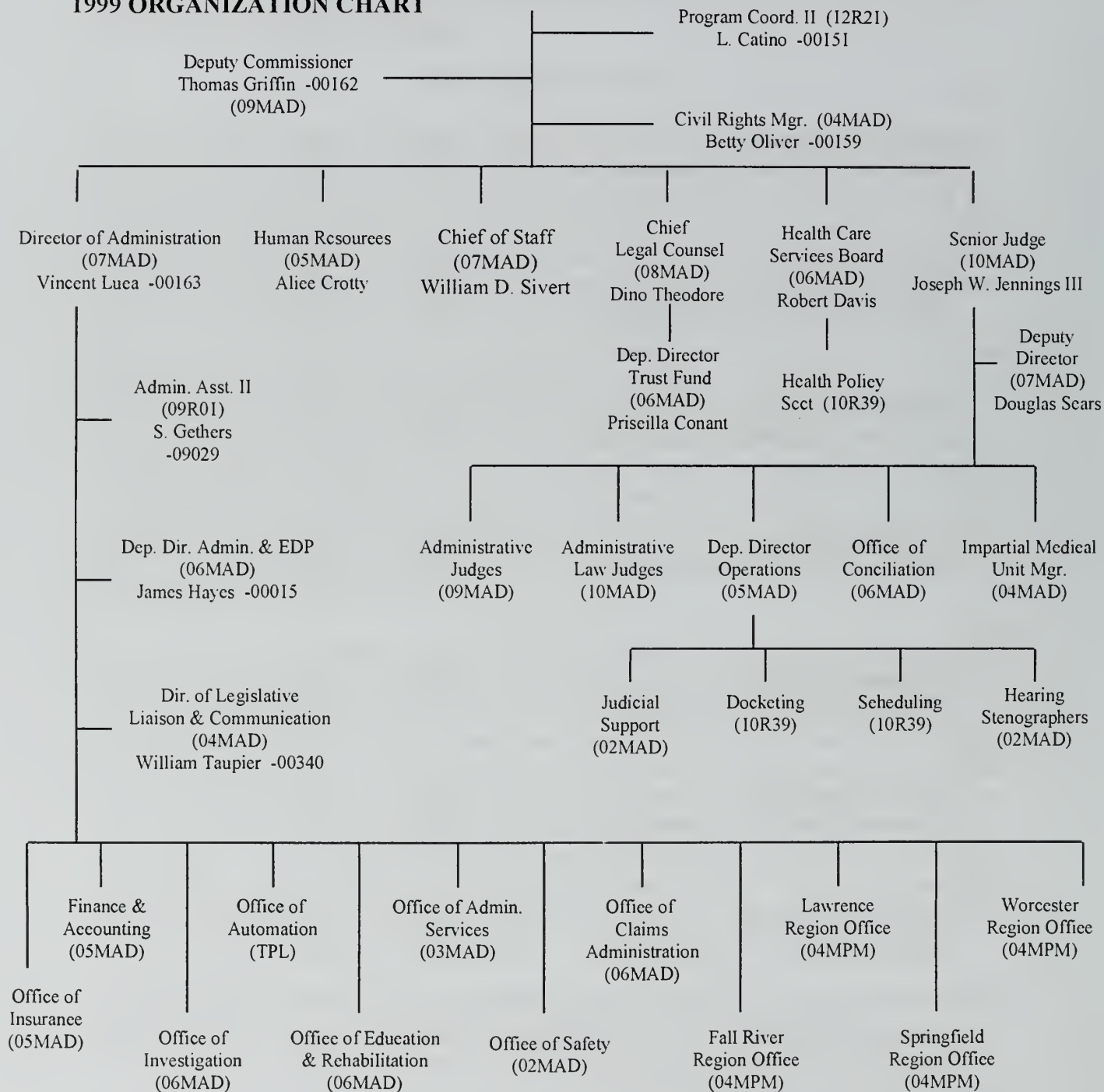
Department of Industrial Accidents

James J. Campbell, Commissioner

COMMISSIONER

James J. Campbell -00003
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1999 ORGANIZATION CHART





ADMINISTRATIVE SERVICES

Information and Support

HIGHLIGHTS

- The Lawrence Region Office lease was extended for another year.
- The Department's internal control procedures were updated.
- Voice mail systems in the Boston and Region Offices were upgraded to Y2K compliant systems.
- The Administrative Services Unit completed work on Y2K issues.
- Public Information Desk moved to Office of Communications as a result of a management review.

ADMINISTRATIVE SERVICES

DAILY OPERATIONS

The Administrative Services office is responsible for a wide range of duties that keep the agency operating on a daily basis. Those functions include the operation of the phone system, distribution of supplies to all offices including regions, maintenance of office equipment (except computers), courier service to the region offices as well as incoming and outgoing mail.

PHYSICAL PLANT

The main office of the Department of Industrial Accidents continues to be housed at 600 Washington Street in Boston which contains most of the administrative offices of the agency including the Commissioner's office, Finance and Accounting, Insurance, Human Resources, Education and Vocational Rehabilitation, Administrative Services, Office of Legal Counsel, the Workers' Compensation Trust Fund and the core of the Division of Dispute Resolution. The Boston office entered into a new lease on July 28, 1997 that expires on July 7, 2002. The office space is located on the 6th and 7th floors and is comprised of 63,069 square feet. The storage space, located in the basement, is 4,000 square feet. The Department pays \$22.95 per square foot for office space and \$5.25 per square foot for storage space.

The Fall River Region Office is located at 30 Third Street. The lease term is November 8, 1996 through November 7, 2001. The square footage is 8,040 and the rate is \$10.00 per square foot, which will remain constant until the expiration of the lease.

The Lawrence Region Office is located at 11 Lawrence Street. The Region office occupies 5,800 square feet of office space at a cost of \$10.46 per square foot. The cost per square foot was constant until the lease expired in July of 1998. At that time, the lease was extended until July of 1999 and the rate per square foot increased to \$12.00. In FY99, the lease in Lawrence was extended for an additional year.

The Springfield Region Office, located at 436 Dwight Street, has been housed in a state owned office building since January of 1994. The cost of the 5,426 square feet of office space is \$8.75. The cost of the 589 square feet of storage space is \$3.00 per square foot. In July of 1998, the Department will enter into a lease that will expire on June 30, 2003. The new lease will allow for a rate increase in FY2000, which will remain constant until the lease expires.

The Worcester Region Office is located at 8 Austin Street. The square footage of office space is 9,669 and occupies the entire building. The term of the lease is June 8, 1998 through June 7, 2003. The cost per square foot is \$10.90.

INTERNAL CONTROL PROCEDURES

The Department's Internal Control Plan, which is housed in our data processing system and in the Director of Administration's office, is updated annually by unit managers.

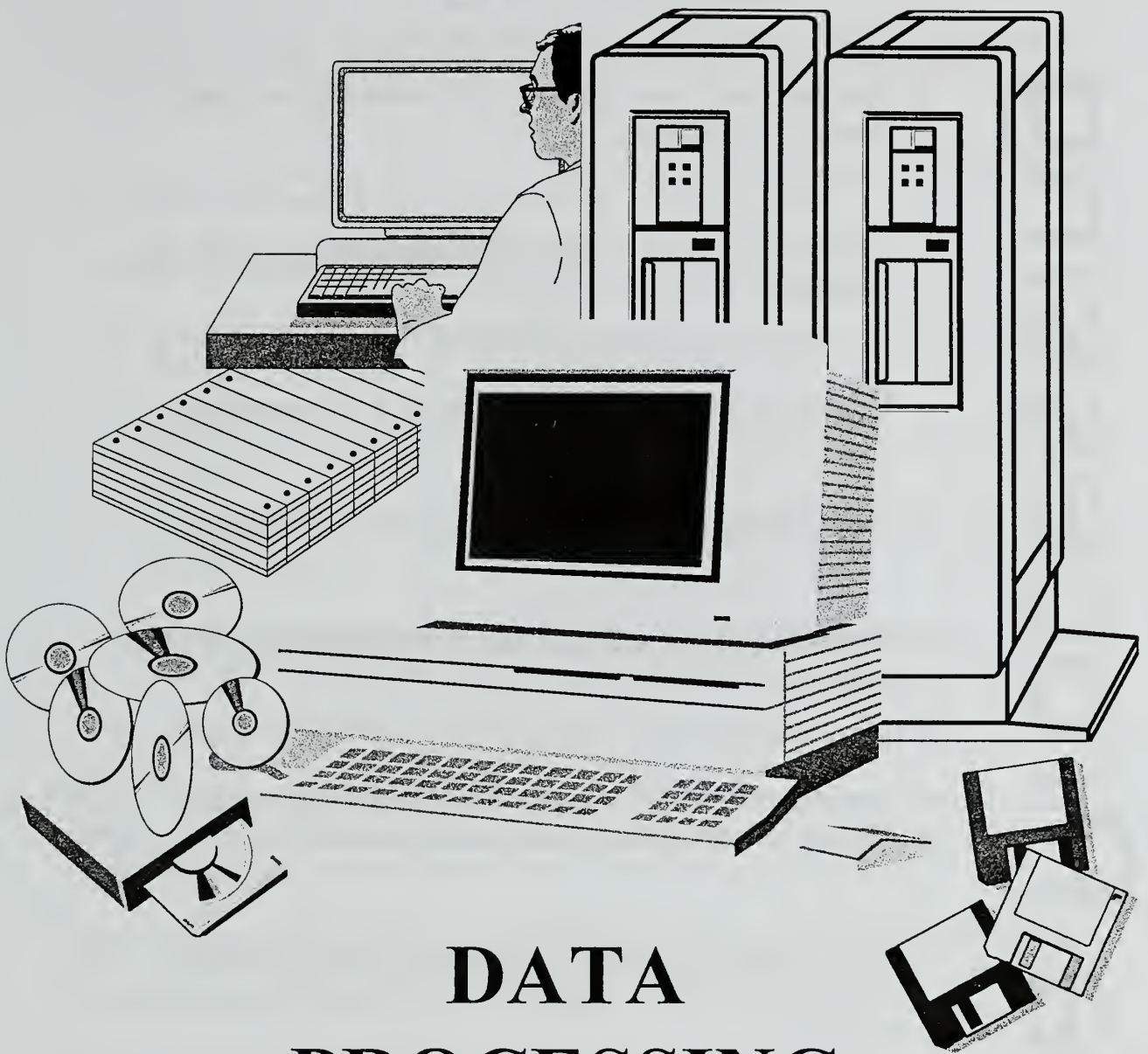
YEAR 2000

The Administrative Services Unit completed work on Y2K issues as they relate to building management and equipment in general work areas. Voice mail systems in Boston and Region Offices were upgraded to Y2K compliant systems.

CHANGES AFTER MANAGEMENT REVIEW

As a result of an extensive management review, the Public Information Desk was placed under the control of the Office of Communications and is now known as the Public Information Office. The new management structure places the Director of Communications in charge of all external affairs under supervision of the Director of Administration and EDP.

In addition, the Administrative Assistant I in the Mailroom was upgraded to Administrative Assistant II. This position has been assigned supervisory responsibilities over the Mailroom and Supply Room staff, as well as the Boston office Switchboard Operator.



DATA PROCESSING

Keeping Pace with Technology

Data Processing

HIGHLIGHTS FY99

- Designed the plans for the Y2K re-mediation of the Diameter database.
- Implemented and deployed the plans for the Y2K re-mediation of Diameter database.
- Upgraded network hardware to be Y2K complaint.
- Upgraded network software to be Y2K complaint.
- Upgraded the production servers running Solaris (fido, gateway) to be Y2K complaint.
- Redesigned the §37 Claims scheduling process in Diameter, using a separate board number.
- Programmed, tested, and deployed the §37 Claims scheduling process (functions, screens, tables, etc.) in Diameter.
- Modified the Conference Orders Process, adding new functionality.
- Created three new Conference Orders relating to the §37 Claims.

DATA PROCESSING

The majority of this fiscal year was concerned with ensuring that all components of the DIA computer system (Diameter database, network, hardware, software, servers, etc) be Y2K complaint.

This involved preparing, designing and implementing plans to convert and update all DIA systems, hardware, software, and servers to be Y2K complaint.

Diameter Y2K changes included the following:

- 1.) Changed the field width on all dates, on all 302 of Diameter's data entry/inquiry screens.
- 2.) Modified all 428 of Diameter's reports to accept four digit years and display two digit years.
- 3.) Modified all 360 of Diameter's C Language programs to handle long dates and four digit years.
- 4.) Modified all 28 of Diameter's C Language common libraries programs to handle long dates and four digit years.
- 5.) Modified all 34 of Diameter's 4GL-engine add-ins to handle long dates.

The §37 Claims scheduling process was redesigned on Diameter to schedule cases starting from Conciliation in Boston, as a separate Board number. This involved modifications to and creation of new screens, events, tables, and functions.

The Conference Orders process was modified adding new major functionality with the ability to edit the Diameter data fields from the Order document. Three new orders were created, for the §37 Claims.

Data Processing continued to provide technical assistance, hardware, software, operations, systems analysis, testing, training, documentation, and maintenance to the various sections, which comprise the Dept of Industrial Accidents. Diameter was modified as necessary per requested changes by managers. Information from Diameter was provided on reports and tapes to comply with Public Records Requests.

Changes Resulting From Management Review

Two Systems Analysts previously working for the Workers' Compensation Trust Fund were re-assigned to the Data Processing unit in order to streamline DP operations.

ADMINISTRATION -

Provided Bankruptcy Information

Reports - Weekly (1)

ADMINISTRATIVE SERVICES -

Datafile - Inventory of Furniture and Equipment

Reports - Weekly (2), Monthly (5)

ADVISORY -

Reports - Monthly (4), Yearly (7)

CLAIMS -

Freedom of Information Requests – Requests for Various Reports

Freedom of Information Requests - Requests for Tapes

Late FR Fines - Creating Datafiles Based on Billed Records

Reports - Daily (2), Weekly (14), Monthly (7), Quarterly (1)

DATA PROCESSING -

Diameter – Designed plans for the Y2K re-mediation of the Diameter database.

Diameter – Created a test database for testing the beta Y2K version of Diameter.

Diameter – Implemented and deployed the plans for the Y2K re-mediation of the Diameter database.

Diameter – Reconfigured the Diameter database, changing all short dates to long dates to be Y2K complaint.

Diameter – Changed the field width on all dates, on all

DATA PROCESSING (Continued) -

302 of Diameter's data entry/inquiry screens to be Y2K complaint.

Diameter – Modified all 428 of Diameter's reports to except four digit years and display two digit years.

Diameter – Modified all 34 of Diameter's 4GL engine add-ins to handle long dates.

Diameter – Modified all 360 of Diameter's C Language programs to handle long dates and four digit years.

Diameter – Modified all 28 of Diameter's C Language common libraries programs to handle long dates and four digit years.

Diameter – Analysis and redesign for the scheduling of C37 Claims on Diameter, using a separate board number.

Diameter – Coding of the screens, events, tables, and functions needed for C37 Claims process.

Diameter – Testing of the screens, events, tables, and functions needed for C37 Claims process.

Diameter – Coding and testing of the screens and fields comprising the C37 Agreement event.

Hardware – Installed and configured three AXIS network CD-ROM Servers that are NetWare compatible.

Hardware – Installed Ethernet Router (8MB 2Synch Port).

Hardware – Installed 2 External Tape Drives.

Hardware – Installed 2 56K Fax External Modems.

Hardware – Installed Switch (Scalable10/100 Ethernet24Port).

Hardware – Purchased 193 monitors.

Hardware – Purchased 193 PC CPUs.

DATA PROCESSING (Continued) –

Hardware – Sent to state surplus 82 CPUs, 80 monitors, 22 peripherals, 36 print servers, and 72 terminals according to state procedures.

Hardware – Upgraded servers (db, dia10) running SUN OS to Y2K release.

Hardware – Applied Y2K patches to production servers running Solaris (fido, gateway).

Network – Upgraded network hardware to be Y2K complaint.

Network – Upgraded network software to be Y2K complaint.

Network – Set up a lab consisting of four file servers to prepare NetWare migration from 4.11 to 5 and test Y2K issues.

Network – Reconfigured e-mail settings to let users use their e-mail, when they are located in other regional offices.

Network – Built a new Mail Server to deploy SMTP mail Service on a separate machine

Network - Regularly applied any current patches to update the NetWare operating system.

Network - Regularly upgraded all hardware drivers to maintain compatibility with the various programs running on the network.

Network - Installed software upgrades as needed.

Software – Installed Ghost Professional Software.

Software – Installed Zens Works Software.

Software – Purchased Windows 98.

Training – Scheduled and conducted General PC Procedures; MS Word 97; and MS e-mail training classes for Boston and regional employees.

DATA PROCESSING (Continued) –

Training – Scheduled and conducted training classes for Dispute Secretaries in Dispute function on Diameter.

Training – Scheduled and conducted training classes for DIA Employees in Diameter Inquiry Functions.

Training – Provided documentation for PC Procedures: General PC Procedures, MS e-mail, Conference Orders, and etc.

Users - Provided ongoing support for PC (Windows 95, Other PC based applications) and the Network.

Users - Provided ongoing support for Diameter.

DISPUTE RESOLUTION -

Conference Orders – Major new functionality was added to the orders process, with the ability to edit the Diameter data fields from the Order document

Conference Orders – Three new orders were created, relating to §37 claims.

Conference Orders – Requested changes (adding/removing data fields) were made to current ordered.

Conference Scheduler – Increased and decreased the number of available slots for conferences, as requested.

Reports - For Dispute-Mgmt - Weekly (13), Monthly (19), Quarterly (12)

Reports - For Docketing Unit - Daily (3), Weekly (3), Monthly (9)

Reports - For Judicial Support - Monthly (2)

Reports - For Scheduling Unit – Daily (3), Weekly (31), Monthly (8)

DISPUTE RESOLUTION (Continued) –

Reports - For Conciliation Unit – Daily (1), Weekly (11),
Monthly (11)

Reports - For Impartial Unit - Daily (12), Weekly (13),
Monthly (3)

EDUC-VOC-REHAB –

Reports - Weekly (1), Monthly (1)

FALLRIVER –

Reports – Weekly (1), Monthly (1)
Technical Assistance

FINANCIAL -

Billing (Late FRs) - Weekly Demands (3 rpts), Monthly Bills
(5 rpts), Monthly Collections (3 rpts)

Billing (Referral) - Weekly Demands (3 rpts), Monthly Bills
(3 rpts), Monthly Collections (3 rpts)

Billing (Assessments) - Weekly Demands (6 rpts), Quarterly
Bills (7 rpts)

Billing (Lock Box) - Daily (3 rpts)

Billing (Lock Box) – Nightly down-load from the Bank to
Financial in Diameter.

HEALTH POLICY -

OHP Work Group Server
Technical Assistance

INSURANCE -

Reports - Monthly (4)

LAWRENCE –

Reports – Weekly (1), Monthly (1)
Technical Assistance

LEGAL -

Reports - Weekly (1)

PERSONNEL -

Personnel Database
Technical Assistance

SAFETY -

Reports - As requested for Injury Information
Reports - Daily (1), Monthly (1)

SPRINGFIELD –

Reports – Weekly (1), Monthly (1)
Technical Assistance

TRUST FUND -

Reports - Daily (1), Weekly (1), Quarterly (1)

WORCESTER –

Reports – Weekly (1), Monthly (1)
Technical Assistance

OUTSIDE AGENCIES/OTHER –

FOI Requests - Analysis, Coding, Testing, Reports, Tapes

Fraud Detection - Various

Social Security # Matches (Tapes) - DOR, Welfare, DMA

Reports - Weekly (3) - PERA, Attorney General

OUTSIDE AGENCIES/OTHER (Continued)–

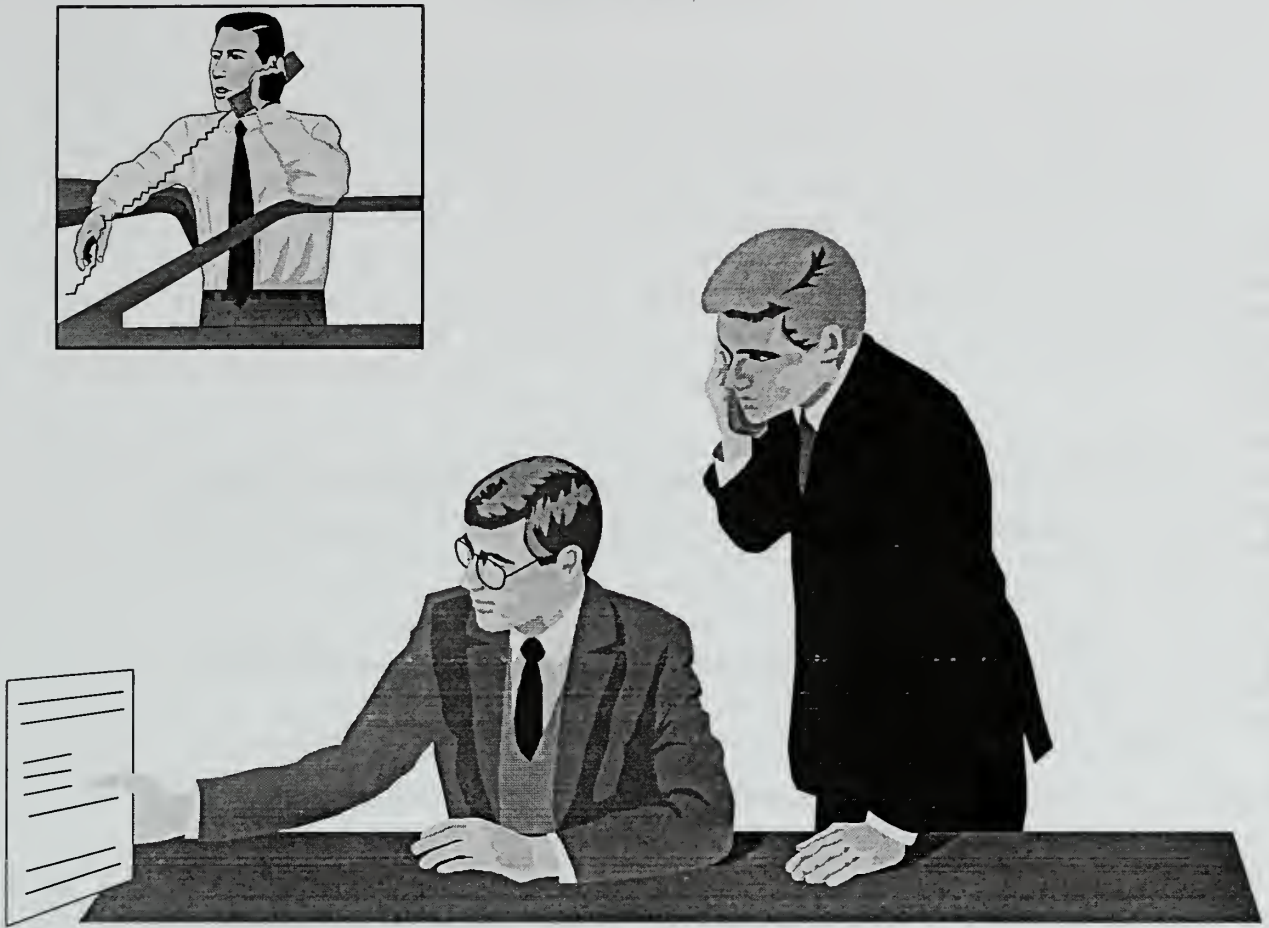
Reports - Weekly (2) - 6 State Agencies

Report – Weekly (1)– Collection Agency

Report – Monthly (4)– Collection Agency

Report – Monthly (1)– DOR

Report – Monthly (1)– FOI



FRAUD PREVENTION

Benefits All but the Dishonest

Fraud Prevention

HIGHLIGHTS

- FY99 investigations continued to increase in numbers, while issuance of Stop Work declined - the best of both worlds.
- Debt collection efficiency and effectiveness continued to improve.
- Information exchanges between State agencies continues to ensure that State monies are paid appropriately.
- Cooperation with the Fraud Bureau and other law enforcement agencies continues to result in substantial savings and a measurable reduction in workers' compensation fraud.

FRAUD PREVENTION

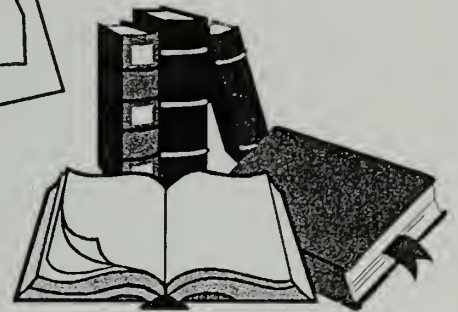
Insurance Fraud continues to be a lucrative venture, in the short term. However, due to an overall strategy of prevention and greater awareness, the tide is turning against the perpetrators of fraud and thus making the dishonest suffer the long term consequences. The Department of Industrial Accidents continued to do its part in fraud prevention over the past fiscal year and will do so with great diligence until fraud is nearly unheard of. The Department stepped up enforcement of the workers' compensation act which requires all employers in the state to carry workers' compensation insurance. Additionally, the DIA referred suspected cases of fraud to the proper authorities for investigation and prosecution.

In the area of employer fraud in FY99, DIA conducted 33,609 investigations resulting in 1,881 Stop Work Orders (SWO). Compared with the pre-reform act average of 26 SWO per year, there has been a substantial increase in premium avoidance detection. During the past several years the direct result was an estimated 250,000 workers brought under the workers' compensation insurance coverage (indirectly we estimate several thousand more were brought under the coverage as a result of our increase enforcement). The Workers' Compensation Rating and Inspection Bureau credits our efforts as a major contribution to recent premium reductions for Workers' Compensation insurance policies. Over the past four years the average premium for Massachusetts's employers decreased by near 50%.

Efforts prior to 1992 were half hearted, at best, in pursuing and collecting from employers failing to carry Workers' Compensation insurance that had employees injured on the job. In place and operating now is an automated billing and collection system which assures timely billing, referral to collection agency and, if appropriate, court action.

The Department of Industrial Accidents has established information sharing agreements with other state agencies such as the Department of Transitional Assistance, the Division of Medical Assistance, and the Department of Revenue to combat fraud.

The workers' compensation element of the insurance industry funded Insurance Fraud Bureau was established in 1991. The public is directed to contact the Bureau for reporting fraud. The Department's automated telephone system instructs callers reporting fraud to call 1-800-32FRAUD (the Bureaus' hotline). Since the Reform Act, DIA is credited with providing approximately 9% of the referrals to the Insurance Fraud Bureau. The Attorney General has stated that prior to 1991 there was only one criminal prosecution for workers' compensation fraud. While subsequent to 1991, the AG's Criminal Bureau has won 81 convictions for workers' compensation fraud. There has been a dramatic decrease in claims filed with DIA since 1991 (a decrease from 40,575 in 1991 to 19,689 in 1999). That decline can be, in part, attributed to our fraud prevention efforts.



SERVICES



OFFICE OF LEGAL COUNSEL

Knowledge of the Law

HIGHLIGHTS

- Increase in volume of litigation involving the DIA due to current challenges to the '91 Reform Act.
- Increase in civil and criminal litigation involving uninsured employers.
- Continued growth experience in WCTF uninsured caseload disposition levels.
- Increased collection efforts for reimbursement from uninsured employers by filing civil and criminal complaints yielding civil judgements, criminal fines, restitution, and repayment agreements.
- The General Counsel will assume the management responsibilities for the WCTF in compliance with M.G.L. c. 23E (10) in the processing of §§37 and 37A petitions, and implement newly established regulations.

OFFICE OF LEGAL COUNSEL

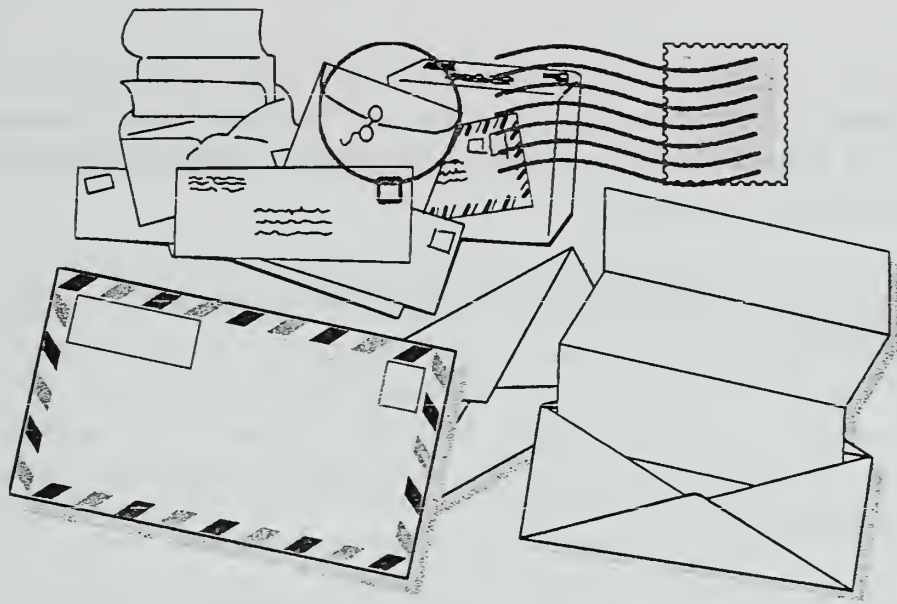
The Department's General Counsel acts as legal counsel and advisor to the Commissioner and the agency as a whole. The General Counsel reports directly to the Commissioner in all matters. Eleven assistant general counsels assist the General Counsel, in addition to a manager of operations and investigations four investigators, a paralegal, an administrative assistant, and an administrative secretary. Together these positions form the Department's Office of Legal Counsel, which is established pursuant to M.G.L. c. 23E (10).

The Office serves two major functions. First as part of its function as counsel to the Department, the Office advises the Department on a whole range of matters from rule making to inter-agency affairs. Additionally, the Office also facilitates the Department's legal representation in actions filed by, or against, the Department, and assists in the provision of public information. The General Counsel is regularly designated by the Commissioner to conduct certain administrative appeals, particularly those relating to insurance coverage and referral fee payments. The General Counsel is appointed as a Special Assistant Attorney General and has designated regular legal staff attorneys to appear as such.

The Office of Legal Counsel is expressly authorized to represent the Workers' Compensation Trust Fund (WCTF) in all matters, including proceedings before the Industrial Accident Board and Reviewing Board or any other adjudicative forum in the Commonwealth, relating to claims for payment or requests for reimbursement against the fund. Legal Counsel also prosecutes uninsured employers in civil court pursuant to M.G.L. c. 152, §65(8) and in criminal court pursuant to M.G.L. c. 152, §25C.

Changes After Management Review

On September 1, 1998 the General Counsel assumed management responsibilities for the WCTF in compliance with M.G.L. c. 23E (10) in the processing of §§37 and 37A petitions, and was tasked with the implementing newly established regulations. In addition, the Deputy Director of the WCTF now reports directly to the General Counsel. These changes were the result of the DIA's management review conducted during the FY99.



CLAIMS ADMINISTRATION

Starting Point for the Process

HIGHLIGHTS

- Current in processing Freedom of Information Requests, First Report Fine Violations, Form Processing, Data Entry, Form Filing and Record Keeping.
- Claims are routinely processed within 24 hours for scheduled Conciliations.
- Cooperation continues in working with other State Agencies on Data Information/Exchange and use of Third Party Liens has resulted in substantial savings.
- Aggressive education of Employers and Third Party Administrators on compliance in filing First Reports.
- Provided assistance to Insurance Fraud Bureau and Bureau of Special Investigations on suspected fraud abuse.
- Efforts to improve the quality of our database continued.
- Efforts to improve relations and communication with insurance representatives, third party administrators and legal community on workers' compensation filings with the DIA continue.
- Section 37 backlog claims were dramatically reduced during FY99.
- Installation of additional shelving units in the Record Room areas for effective records management improved operations.

OFFICE OF CLAIMS ADMINISTRATION

The Office of Claims Administration (OCA), the starting point for all matters before the Department of Industrial Accidents, is comprised of the following units: Administrative Office, First Report Compliance, Claims Processing Unit, Data Entry and the Record Room.

Claims Administration's performance in FY99 remained solid as a result of past legislative, technical and administrative changes. All units of OCA are successfully working together as a team and providing backup and support played a significant factor in meeting OCA's requirements, increased productivity, special projects and enforcement of work quality.

As FY99 ends, OCA's goal remains to operate collectively to achieve the maximum production level possible while maintaining a high standard of quality. As the year ended, all units remain current in workload processing (as defined by each unit's operational functions) and produce quality work. The Office is currently working with the management team to integrate new technologies into the claims process; namely, to complete the installation of PC's as well as exploring the use scanning/imaging and bar-coding equipment. Special projects and goals during this fiscal year were being developed and implemented. The following is a summary of each OCA unit:

Administrative Office

One of the major functions of this office is to act as the Keeper of the Records for the DIA. OCA experienced an increase in requests for workers' compensation file copies and other public information pursuant to the Massachusetts Public Records Law (M.G.L. c 66) over the course of the fiscal year. Employees, attorneys, insurers, investigative offices, as well as other interested parties, seeking information in the possession of the agency make these requests. The materials requested included case files, computer generated data and general information regarding workers' compensation. As FY99 ended the number of Public Records requests continued to increase. As Keeper of the Records for the DIA, this office is also responsible for processing subpoenas, holding in-house depositions, and representing DIA for court subpoenas, unless otherwise directed by the courts.

The administrative office of OCA is required to process all complaints regarding questionable and controversial claims handling practices pursuant to 452 CMR 7.04. The complaints are reviewed, an investigation is conducted and a finding is rendered on behalf of the DIA. The Department has no statutory authority to levy penalties related to questionable claims handling by an insurer or third party administrator. If an investigation reveals such practices may have taken place, the complaint is referred to other agencies and/or divisions within the state for further review.

This office interacts on a daily basis with the DIA's Legal Counsel, Senior Judge of the Division of Dispute Resolution and Data Processing as well as other divisions within the DIA, Department of Employment and Training, Division of Insurance, Attorney General's Office, Secretary of State and other various governmental agencies, constitutional offices and outside parties in relation to a number of workers' compensation matters.

First Report Compliance Office (FRCO)

All Employers are required to file a First Report of Injury Form within seven calendar days of receiving notice of any injury alleged to have arisen out of or in the course of employment which incapacitates an employee from earning full wages for a period of five or more work days. Failure to file a First Report of Injury or filing the report late is a violation of M.G.L. c 152, §6. If an employer violates this provision three or more times in any year, they shall be punished by a fine of one hundred dollars for each such violation. Each failure to pay a fine within thirty days of receipt of a bill from the Department shall be considered a separate violation.

After notice of a third violation, each individual violation goes through a five step billing process thirty days apart. A total of four demand notices may be sent if the original violation is not paid or appealed. If compliance is not met at the fourth and final demand level, the matter is referred to a collection agency. As a result of greater awareness, First Report fine violations have decreased, and employers are appealing or paying fines within the mandatory 30-day timeframes. Recently, more employers have been choosing to pay the fines resulting in increased revenue during FY99.

The FRCO serves as DIA liaison to the Insurance Fraud Bureau and the Bureau of Special Investigations and as such provides support to IFB and BSI investigators on departmental workers' compensation cases. This office also serves as an alternate Keeper of Records when representing the Department at federal, state or municipal courts.

Claims Processing Unit

The Claims Processing Unit (CPU) is responsible for the processing of all incoming DIA prescribed forms as well as general mail with no specific addressee. The CPU is the very important first step in the processing of those DIA forms submitted which, after being data entered, will result in some sort of adjudicative action.

The CPU has four major functions: to open, sort and date stamp all mail that comes into the OCA daily; to review (pre-screen) forms for accuracy and completeness according to standards established by the OCA; to return to sender those rejected forms that do not meet established standards; to do research on the computer, using the Diameter database, to determine current case status and/or case location for forwarding and attachment of forms, case letters, and medical documents to files in other units of the Department.

As FY99 came to a close, the number of incoming reports, insurance forms and other correspondence remained steady from last fiscal year but claims submitted for conciliations declined somewhat from FY98. The weekly average consists of

approximately 4,500 transactions. As FY99 ended, the CPU processed forms within a day upon mail receipt. Solid communicative relations and educational support on DIA regulations continue with insurance companies and other administrators; namely claims representatives in form usage. A pilot program for submission of First Reports and insurance forms from selected companies via fax continued to be effective.

Data Entry Unit

The Data Entry Unit is responsible for entering all Departmental forms into Diameter's database. This unit receives all claims, reports and forms from the Claims Processing Unit (CPU). Data Entry performs an automated review for either case creation or update, ensures that duplicate forms are not contained in the database and that all necessary forms have been entered accurately. This unit captures all pertinent data on workers' compensation cases. This allows the database to track each individual case from the initial submission of a First Report to the conclusion of a case.

All data entered into the DIA's database generates information and statistical reporting for the Office of Safety (fatalities and injury types); OEVR (rehab referrals); Investigation and Workers' Compensation Trust Fund – WCTF - (uninsured employers); as well as with the Department of Revenue's Child Support (award for liens collected); the Department of Transitional Assistance and Medical Assistance (provides matches with employees in pay status); PERAC (Public Employees Retirement Administration Commission); the Department of Public Health as well as with the Attorney General's Office of Fair Labor and Business Practices (injuries and illnesses in the workplace).

All completed Claims are processed within a 24-hour period, which automatically triggers a conciliation in the system. Contested Claims decreased slightly from FY98 (see chart below). As FY99 ended, all transactions received in this unit from the previous day were processed.

A number of duplications have occurred over the years due to misconstrued information from various sources. Data Entry is focused on deleting and consolidating duplicate cases not only in the database but also on the physical case records. With an emphasis on quality data, this unit reexamines all transactions prior to the release of scheduled notices and violations. Continuous telephone communications by this unit with attorneys, insurance carriers, third party administrators and injured workers have steadily increased which, in turn, has streamlined the paperwork activities between companies and the DIA. The result is a timely and effective claims process.

Record Room

The Record Room is the central repository for all departmental case files and transactions. The Record Room, located in DIA's Boston office, is responsible for filing all Departmental forms after Data Entry input, retrieving and tracking all files and documents pertaining to cases in the Dispute Resolution process as well as other divisions in the Agency. In addition to the DIA's main Record Room a mini archive area, containing 2,000 boxes of files, is located onsite so as to meet our storage retention requirement of eight (8) years. There are roughly 600,000 case files currently housed in

the Department. Complex file management procedures, in accordance to the State Records Center regulations, are the key to maintaining information that is accessible and easy to transfer upon request.

All transactions are filed within 24-36 hours of Record Room receipt; scheduled judicial proceedings (two - six weeks out) are retrieved within 48 hours.

During FY99, quality work remained a priority in spot checking case files to guarantee that case files are handled in accordance to the DIA's case tracking system. It is the Record Room's responsibility to maintain complete, accurate and up-to-date files. At the end of FY99, additional shelving units were installed for efficient and effective record management as well as to meet our file

Changes After Management Review

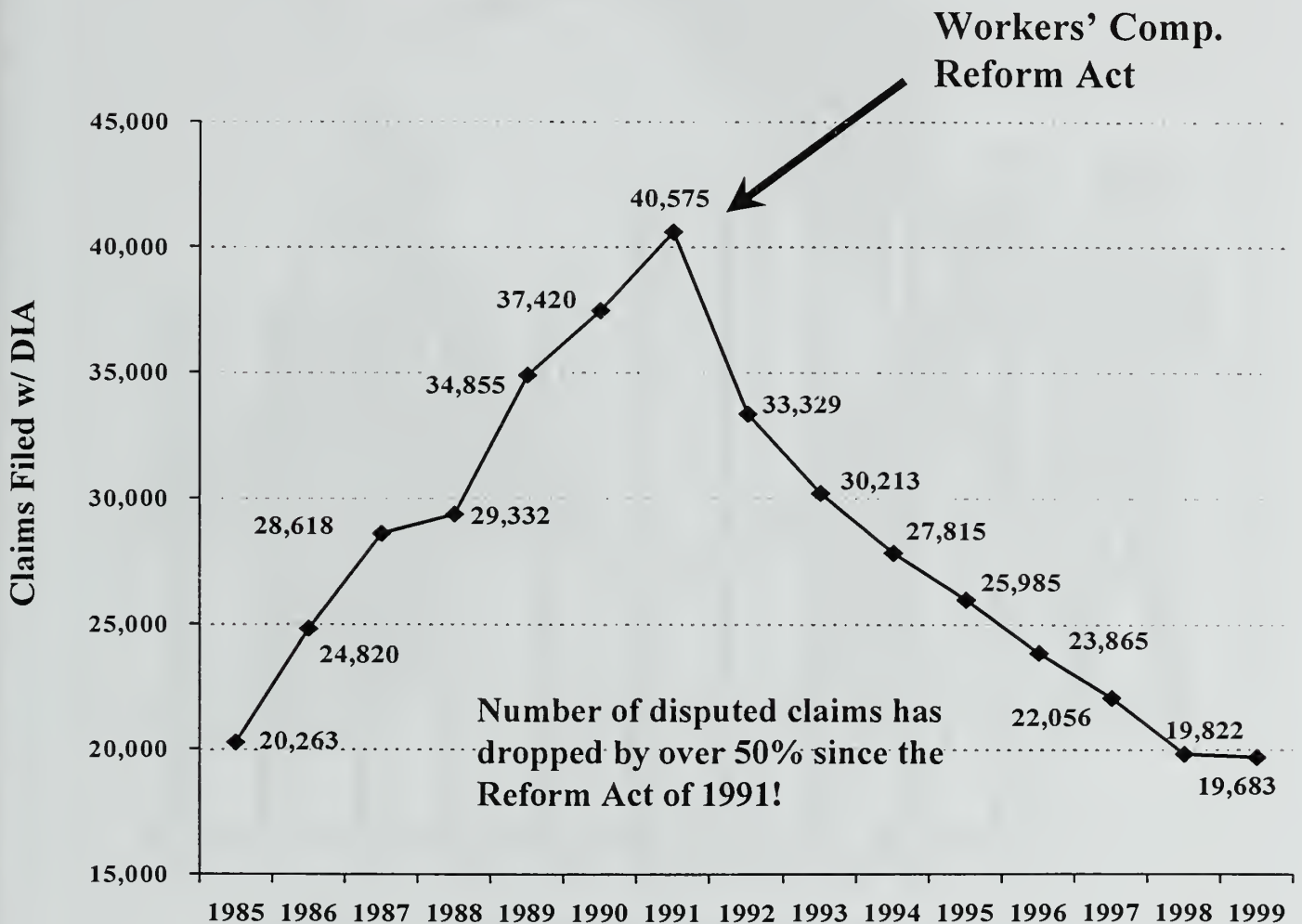
As the result of a management review of the DIA, the OCA was directed to take over the claims processing role for all §37/37A claims in August 1998. During FY99, 772 such claims were processed. It is projected that the remaining 152 claims in inventory will be processed by the end of August of 1999. All §37/37A claims are now processed through OCA in the same manner as all other claims.



THE COMMONWEALTH OF MASSACHUSETTS
Department of Industrial Accidents

James J. Campbell, Commissioner

Office of Claims Administration



**Workers' Compensation Claims Filed
w/ Department of Industrial Accidents***

*Please Note: Numbers have been updated since previous Annual Report.

Source: Dept. of Industrial Accidents, Commonwealth of Massachusetts
Prepared: November 1999

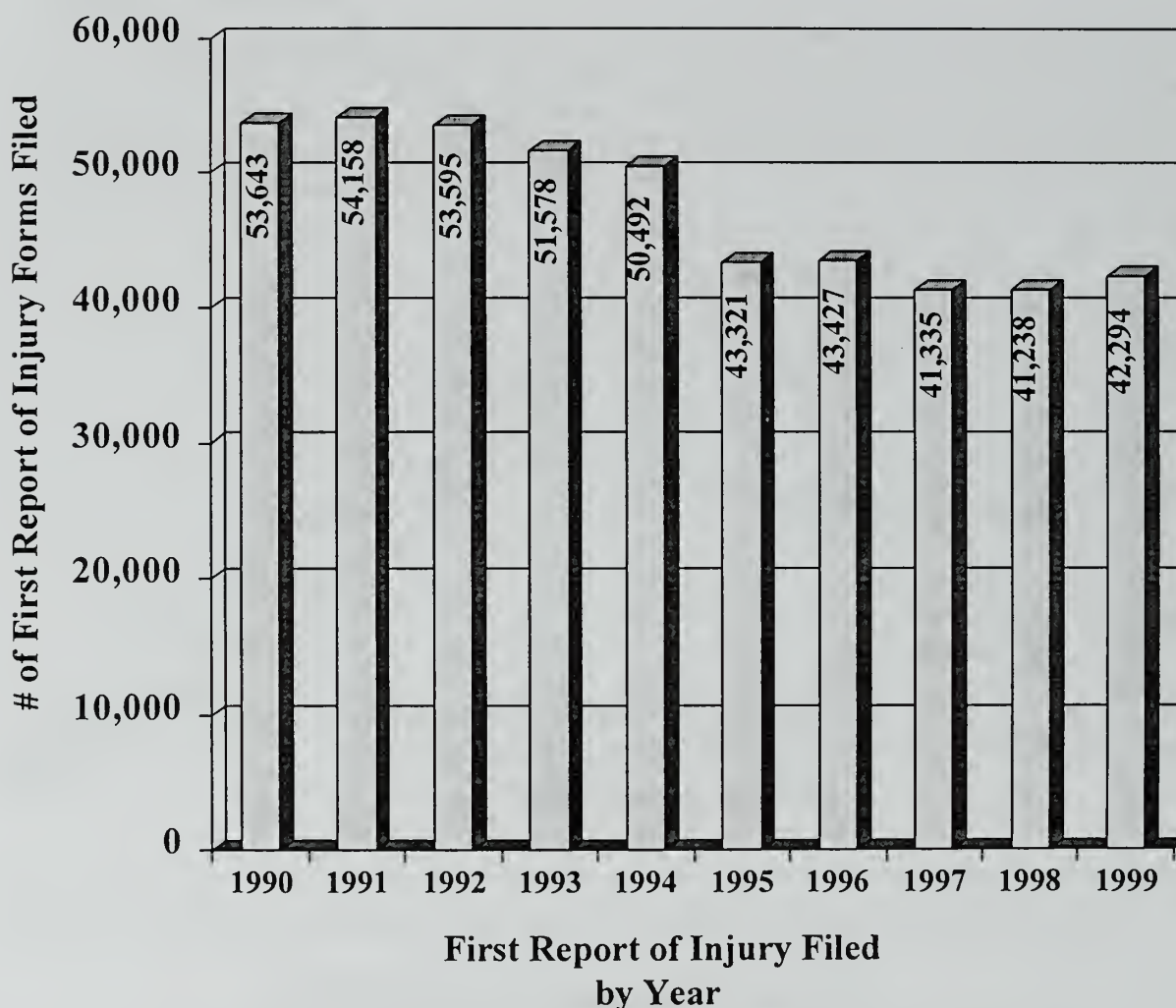


THE COMMONWEALTH OF MASSACHUSETTS

Department of Industrial Accidents

James J. Campbell, Commissioner

Office of Claims Administration



Note: Any industrial injury that causes an employee to miss five or more days of work must be reported to the Department of Industrial Accidents per Ch. 152 Sec. 6 by the employer.

Source: Dept. of Industrial Accidents, Commonwealth of Massachusetts
Prepared: November 1999



VOCATIONAL REHABILITATION

A Swift Return to Work

HIGHLIGHTS

- Referrals for Vocational Rehabilitation Services decline slightly, 1.0% from previous year.
- Percentage of Cases in which OEVR conducts Team Meetings continues growth trend.
- OEVR Operations Upgraded.
- Control Measures Implemented.
- Percentage of injured workers successfully Returned To Work Increased to an all time high.
- Continue to offer Mini-Workshops for VR Providers.
- Continue meetings with Rehab Community to continue upgrading procedures and services.

THE OFFICE OF EDUCATION AND VOCATIONAL REHABILITATION

The Office of Education and Vocational Rehabilitation's (OEVR) primary purpose is to promote a return to work for disabled workers through vocational rehabilitation services. OEVR provides injured workers with information regarding the DIA, as well as the rights and obligations of injured workers, employers, and insurers under the Commonwealth's workers' compensation laws. OEVR encourages the voluntary development of rehabilitation services between the disabled worker and the insurer, but frequently mandates services for injured workers determined suitable for vocational rehabilitation. OEVR stresses that it does not provide career enhancing services and, therefore, retraining is seen as a last option. Retraining is reserved exclusively for those who are more seriously disabled and unable to return to their pre - injury wage. General eligibility for retraining includes a minimum 15% loss of function and a salary greater than \$400 a week. OEVR consists of a Director, twelve Rehabilitation Review Officers, seven Disability Analysts and five Clerks.

The Office annually approves vocational rehabilitation specialists who meet professional, educational, and other established requirements. OEVR accepts applications for approval on a year-round basis and annually issues a list of all approved providers. Seventy-three (73) such providers were approved during FY99. The number of approved providers may continue to decrease in the future for reasons relating to trends in claim filings, the increased use by insurers of providers who offer multiple services relating to workers' compensation, other disability claims, and the further enhancement of approval criteria.

Rehabilitation Review Officers (RRO's) interview prospective candidates at a mandatory meeting to determine suitability for vocational rehabilitation services. The RRO's then request insurers or self-insurers to assign providers approved by OEVR to suitable candidates. The RRO's monitor the quality and cost-effectiveness of services through a review of all Individual Written Rehabilitation Programs (IWRPs) and monthly reports submitted by the approved providers. The RRO's also conduct team meetings to identify problems and restore or redirect the rehabilitation process towards a successful conclusion. The percentage of team meetings has stabilized to where they presently occur in nearly 40% of those cases referred to insurers and self-insurers for vocational rehabilitation. The RRO's are authorized to suspend weekly benefits under section 30G when an eligible employee fails to attend a mandatory meeting. In FY99, only ten 30G suspensions were authorized.

The Review Officers' caseload generates approximately two hundred (200) to two hundred and fifty (250) pieces of mail correspondence monthly and also an average of one hundred (100) to

one hundred and twenty - five (125) phone calls monthly. Each of these is routinely responded to each month. This creates a great deal of work activity on each caseload. In addition, the fact that the average case stays open and active for at least ten months adds further work activity due to the need to continue follow-up on the open cases. Interfacing with attorneys, insurers, rehab. providers, and injured workers in the delivery of services requires a high degree of case management skills and techniques of communication that are exhibited by all of the Review Officers.

The private industry standard for average caseload size (for the provision of direct services) is approximately twenty-five to thirty cases per counselor. The RRO's (who monitor and oversee those direct services provided by the private rehab. sector) have a caseload size of one hundred and ten. The large caseload size and the heavy volume of work necessary to maintain it (i.e. mail, phone, and case correspondence), along with conducting interviews and reviewing IWRPs, requires the additional support from the Disability Analysts who assist the RRO's with caseload work. Without their assistance, the caseload would be unmanageable. Working as a *team*, the RRO's and DA's tackle the difficult job of managing the high volume of work generated by each caseload.

The Director reviews all appeals pertaining to the vocational rehabilitation process on behalf of the Commissioner. In addition the Director issues consents to lump sum settlements in cases where the employee has been deemed suitable for vocational rehabilitation services but has not completed an approved program or returned to continuous employment for a period of six or more months. In FY99, two hundred and forty-two consents were issued.

The Director also issues decisions, on behalf of OEVR, relating to requests to reduce an employee's weekly compensation by 15% for refusal to participate in vocational rehabilitation. In FY99, there were forty-five such requests by the insurers: twenty-four were granted and twenty-one were denied. Additionally, nine of the 15% granted were later rescinded and benefits were re-instated.

In order to insure quality and uniformity throughout the VR process, OEVR has established the use of workshops to enhance the VR providers' knowledge and ensure proper usage of policy and procedures in formulating an IWRP for individual injured workers. In FY99, five workshops were conducted and specialists from thirty VR providers attended. The office now requires all new VR providers and specialists to attend the workshops as part of their certification criteria. Evaluations, completed by the specialists who have attended these sessions, have given high marks to the program.

Of the 2,939 cases referred to OEVR in FY99, seventy-six percent 76% resulted in a mandatory meeting for a determination of suitability for vocational rehabilitation services. The other twenty-four percent 24 % were screened out for reasons that include the non-establishment of liability or that the employee was not receiving workers' compensation benefits. Thirty percent of those screened out cases were provided informational meetings by OEVR personnel in order to render further information and assistance to those who were not presently suitable for vocational rehabilitation benefits.

Of those injured workers seen for a mandatory meeting, 43% were referred to the insurer/self-

insurer with a request to initiate vocational rehabilitation services by an OEVR certified provider. This figure is two percent lower than last year's figure that continues the recent trend in the provision of vocational rehabilitation services. Those cases in which injured workers were not referred for VR services can be attributed to the following reasons: liability had not been established; there was no ongoing payment of available weekly compensation; there had been a release by the treating physician to return to full time work without restrictions; the injured worker did not have significant functional limitations; was too severely disabled; or it was otherwise determined that the provision of reasonable and necessary vocational rehabilitation services would not be feasible or cost-effective.

Among the cases referred by OEVR to insurers or self-insurers for vocational rehabilitation services, 57% had IWRPs approved by OEVR. The FY99 success rate 62.5% of plan completions with a return to work is an all time high. The high increase in percent of RTW shows that our primary objectives and goals are being achieved. Of those injured workers who successfully returned to employment following completion of vocational rehabilitation, 8% returned to work with the same employer at either a modified job or a new job, 45% returned to work with a different employer in a similar or different job and 47% received re-training in most cases for a different job.

Fiscal year statistics are effected by the overall number of workers' comp. claims filed. In this fiscal year, OEVR statistics are slightly lower than the previous year (1% drop across the board from FY98) due to a decrease in overall claims. However, the decline in OEVR caseload is less than the statistical decline in claims filed. These statistics may continue to be affected in the future by state and federal laws emphasizing return to work with the former employer, with increased impetus for reasonable accommodation/job modification under the Americans with Disabilities Act.

The Workers' Compensation Trust Fund (WCTF) is utilized (under sec. 30H) only when the insurer refuses to pay for the injured worker's rehabilitation program. Pursuant to this section of the law, OEVR may demand a minimum reimbursement of two times the cost of the program provided the rehabilitation is successful and the injured worker returns to work. In most cases, the fines are issued by the trust fund. OEVR has no statutory authority regarding these fines.

For FY99, there were nineteen active Trust Fund cases. Three of those cases were closed after the insurer agreed to pay for VR services. The insurer reimbursed the Trust Fund for money spent and picked up the remaining balance of VR costs for the remainder of the program. One WCTF case was closed after the employee failed to report for an initial evaluation and could not be located. A second WCTF case was closed after a Administrative Judge overruled OEVR's denial of consent at a Lump Sum conference. After the Lump Sum was granted the employee failed to follow through with the entire vocational plan. It is unlikely that the Trust Fund monies spent on this case will be recouped. A third WCTF case was closed after an initial evaluation was completed but no vocational plan was developed. Two cases were closed when the employee dropped out of the VR program. Finally, one other WCTF case was closed due to misinformation presented by the employee. That left ten active cases open. Three of the ten were closed as successful and two were closed as unsuccessful leaving five active Trust Fund cases carried over into FY2000.

vocational rehabilitation services. A total of \$21,478.60 of the encumbrances was canceled after the insurer agreed to take over the vocational rehab. plan on three case files. Another \$600.00 of Trust Fund encumbrances were canceled due to the failure of an employee to keep the initial evaluation appointment. This left a total of \$62,869.12 encumbered for FY99. Three cases are pending Trust Fund collection. The total encumbered on the three successful cases is \$10,905.80. The Trust Fund assesses a double penalty that will result in \$21,811.60 reimbursement to the Trust Fund. A balance encumbered of \$51,963.32 remains. Of that, \$29,119.45 encumbered was canceled due to employees failing to follow through with the vocational plan. This leads us to a final figure of \$22,843.87 remaining encumbered for FY99.

The effectiveness of the vocational rehabilitation services, with the finalization of an IWRP, should also take into account completed services to injured workers. For example, a completed IWRP in which the injured worker obtains sufficient skills and training to find suitable employment within their capabilities but for various reasons has not returned to work, would not meet the present standard of RTW success.

The Office of Education and Vocational Rehabilitation continues to meet its mandate (under Ch. 152) of serving the injured worker by providing him/her with the necessary tools (through vocational rehabilitation) to return to productive work activity. There is no other unit within the DIA that promotes **direct services** to the injured worker or that has the available resources required to **empower the injured worker** to successfully return to competitive employment. Our high success rate for this fiscal year is attributed to the administrative support and to the hard work of the entire staff of OEVR who made it possible to ensure the provision of services to the injured worker.



THE COMMONWEALTH OF MASSACHUSETTS
Department of Industrial Accidents
James J. Campbell, Commissioner

OFFICE OF EDUCATION AND VOCATIONAL REHABILITATION

<u>FY</u>	<u>Referrals to OEVR</u>	<u>Mandatory/ Inform. Meetings</u>	<u>Referrals to Insurer for VR</u>	<u>Individual Written Rehab. Prog. approved</u>	<u>Return to work</u>	<u>% of EE's Return to Work after Plan devel.</u>
90	6,893*	2,810	1,778	930	376	40%
91	6,328*	2,887	1,817	952	493	51%
92	6,014	3,367	2,106	1,010	583	58%
93	4,494	3,882	2,253	1,078	554	51%
94	3,756	3,190	1,706	948	470	50%
95	3,219	2,833	1,370	811	391	48%
96	3,347	2,653/119	1,185	727	364	50%
97	3,266	2,455/292	1,094	690	320	46%
98	3,011	2,422/236	1,040	603	371	61.5%
99	2,939	2,236/227	951	546	341	62.5%

- *estimated from available records



HEALTH CARE SERVICES BOARD

Quality Medical Care

HIGHLIGHTS

- Continued to discharge its statutory responsibilities with regularity.
- Endorsed twenty-eight medical treatment guidelines, including three new guidelines.
- Continued to receive, investigate and resolve complaints against health care practitioners providing medical services to injured workers.

HEALTH CARE SERVICES BOARD

The Health Care Services Board (HCSB), established pursuant to M.G.L. c 152 §13, is a medical advisory body of 13 members specified by statute and appointed by the Commissioner. The HCSB met throughout FY99, discharged its statutory responsibilities with regularity, and continued to assist the Commissioner and the Department with the implementation of multiple medical initiatives stemming from legislative mandates.

During FY99, two members left the HCSB and two new members were appointed. After serving as Chair of the Board since its reconstitution in 1992, Dr. L. Christine Oliver stepped down in January 1999 but remained with the Board as one of its designated physician members. Dr. Dean Hashimoto accepted the Commissioner's appointment as Chair replacing Dr. Oliver. Under Dr. Hashimoto's guidance, the HCSB continued managing its affairs assisted by legal counsel and its administrative staff. Management control of the Department's health policy operations, including the Utilization Review and Quality Assessment Program (452 CMR 6.0 *et seq.*), development of the Medical Utilization Trending and Tracking System (MUTTS), and all related support functions, staff and space continued under the direction of the HCSB executive director.

The Board's review and development of medical treatment guidelines got actively underway once again in FY99 and it continued to review, investigate and close medical provider complaints that came before it as well as conduct the other business listed below:

TREATMENT GUIDELINES

In addition to an annual review and endorsement of the original 25 medical treatment guidelines, the HCSB concluded work on three new guidelines (Chronic Neuromusculo-Skeletal Injury, Chronic Pain and Occupational Asthma) that have been in development for several years. Guidelines #26, 27 and 28 respectively were finally endorsed by the HCSB, adopted by the Department, and implemented effective October 1, 1998. By March 1999 the HCSB had also endorsed four other guidelines that had been significantly revised by the Board (Carpal Tunnel Syndrome, Carpal Tunnel (Surgical) Release, Neck and Back (Spinal) Injury). In other treatment guideline work, the HCSB assisted the Department with revisions to 452 CMR 6.0 *et seq.* that became effective early in FY99.

PROVIDER COMPLAINTS

The HCSB continued to receive, investigate and resolve complaints against health care practitioners providing medical services to injured workers under M.G.L. c 152, building on the prior year's accomplishment of dealing with provider complaints on a "current"

basis. In FY99, the HCSB received 4 new complaints and closed 2 before the fiscal year's end.

IMPARTIAL PHYSICIAN PROGRAM

The HCSB agreed to discuss modifications to the fee schedule for the impartial physician program, unmodified since 1992. Meetings and discussions were still underway at the end of the fiscal year.

UTILIZATION REVIEW AND QUALITY ASSESSMENT

The Department's Utilization Review (UR) and Quality Assessment Program (452 CMR 6.0 *et seq.*) has been managed by the HCSB's executive director since 1997. During FY99, nine new utilization review program applications were received by from potential agents, 5 applications were approved, 3 applications were still pending at fiscal year's end, and 2 applications were withdrawn. As of June 30, 1999, there were 60 UR agents approved by the Department to work with injured workers in Massachusetts.

The Department has a specific complaint process to monitor its Approved UR/QA Programs and deal with allegations of non-compliance against utilization review agents. After investigating all complaints, the HCSB executive director forwards those with positive findings to the Commissioner who, in turn, has the authority to direct agents to cease and desist in a particular practice or risk suspension/revocation of approval to conduct UR/QA in the Commonwealth. In FY99, there were 21 UR/QA complaints received and 24 resolved within the period. There were 11 complaints where violations were found and the agents involved were directed to cease and desist in those practices.

MEDICAL UTILIZATION TRACKING AND TRENDING SYSTEM

The Department has a statutory obligation to implement a system to monitor the appropriateness and effectiveness of medical and surgical treatment, and the cost of health care services provided to injured/ill workers.

In FY97, the Department entered into a 5-year contract with the Center for Health Economics Research in Waltham, MA to design, develop and implement a unique Medical Utilization Tracking and Trending System (MUTTS) for the Commonwealth. In FY99, the third year of the 5-year MUTTS development contract, initial system design was completed and the design was tested with actual Massachusetts claims data.

OTHER

Again in FY99, the HCSB members and staff assisted the Senior Judge with medical education presentations to Industrial Accident Board judges as part of the annual judges' training program.



OFFICE OF SAFETY

Promoting a Safe Workplace

HIGHLIGHTS

- Issued 254 Requests for Response soliciting proposals for Safety Grants
- Sixty-two (62) proposals for program funding received.
- Forty-six (46) programs funded totaling \$800,000.
- In FY99 27,093 employees received training through Safety Grant funded programs.
- To date the Office of Safety has funded 298 programs that have provided over 91,000 employees statewide with safety training.

OFFICE OF SAFETY

The Office of Safety provides Occupational Safety and Health Safety and Education Training for employees and/or employers of industries operating within the Commonwealth and whose entire staff is covered under the Massachusetts Workers' Compensation Law (M.G.L. c. 152).

Under the Provisions of Massachusetts General Law, Chapter 23E, §3, the Department of Industrial Accidents (DIA), Office of Safety is responsible for establishing and supervising programs which entails the education and training of employees and employers in the recognition, avoidance, and prevention of unsafe or unhealthy working conditions. Other responsibilities include advising employees and employers of these issues surrounding the work environment. To fulfill this mandate, the Department awards funds to qualified applicants based a competitive selection process of Request for Response (RFR).

The overall objective of the education and training programs is to reduce work related injuries and illnesses by establishing and supervising programs for data collection on workplace injuries, along with;

- A. Identifying, evaluating, and controlling safety and health hazards in the workplace;
- B. Fostering activities by employees/employers to prevent workplace accidents, injuries, illnesses;
- C. Making employees/employers aware of all federal and state health and safety standards, statutes, rules and regulations that apply, including those that **mandate** training and education in the workplace.
- D. Referring employees/employers to the appropriate agency for abatement procedures for safety and health related issues.
- E. Targeted preventive educational programs for specifically identified audiences with significant occupational health and/or safety problems.
- F. Encouraging awareness and compliance with federal and/or state occupational safety and health standards and regulations.
- G. Promoting understanding among employee and employer groups of the importance of ongoing safety health education and training programs and help to begin such efforts.

- H. Encouraging labor/management cooperation in the area of occupational safety and health prevention programs.
- I. Encouraging collaborations between various groups, organizations, educational or health institutions to devise innovative preventive methods for addressing occupational health and safety issues.

Request for Response (RFR) process FY99

During the past eleven fiscal years, the Massachusetts Department of Industrial Accidents (DIA) has issued its RFR for the Office of Safety's "Occupational Safety and Health Education and Training Program". To date, the Department has funded a total of 298 preventive training programs targeting a wide variety of workers and industries within the Commonwealth. These DIA programs have trained over 91,000 people.

The program has an annual budget of \$800,000.00. The Office of Safety publishes the RFR annually to notify the general public that grants are available. In FY99, proposals could be submitted up to a maximum of \$25,000.00.

In FY99, 808 announcement letters were mailed to various industries throughout the Commonwealth. As a result of these announcement letters and the advertisements published in the regional newspapers, the Office of Safety issued 254 RFR's.

Of the 254 RFR's issued, the Department received 62 requests for funding (proposals). Of these approximately 65% receive funding.

A uniform criteria to competitively evaluate all proposals received is developed by a Proposal Selection Committee, appointed by the Commissioner. The Committee recommends a list of qualified applicants for funding. Upon approval of this list by the Commissioner, contracts are awarded.

As a result of this money the Office of Safety was able to fund a total of 46 grants in FY99 that resulted in the training of **27,093** employees throughout the Commonwealth. Over 98% of the participants rated the program they attended as excellent or good.

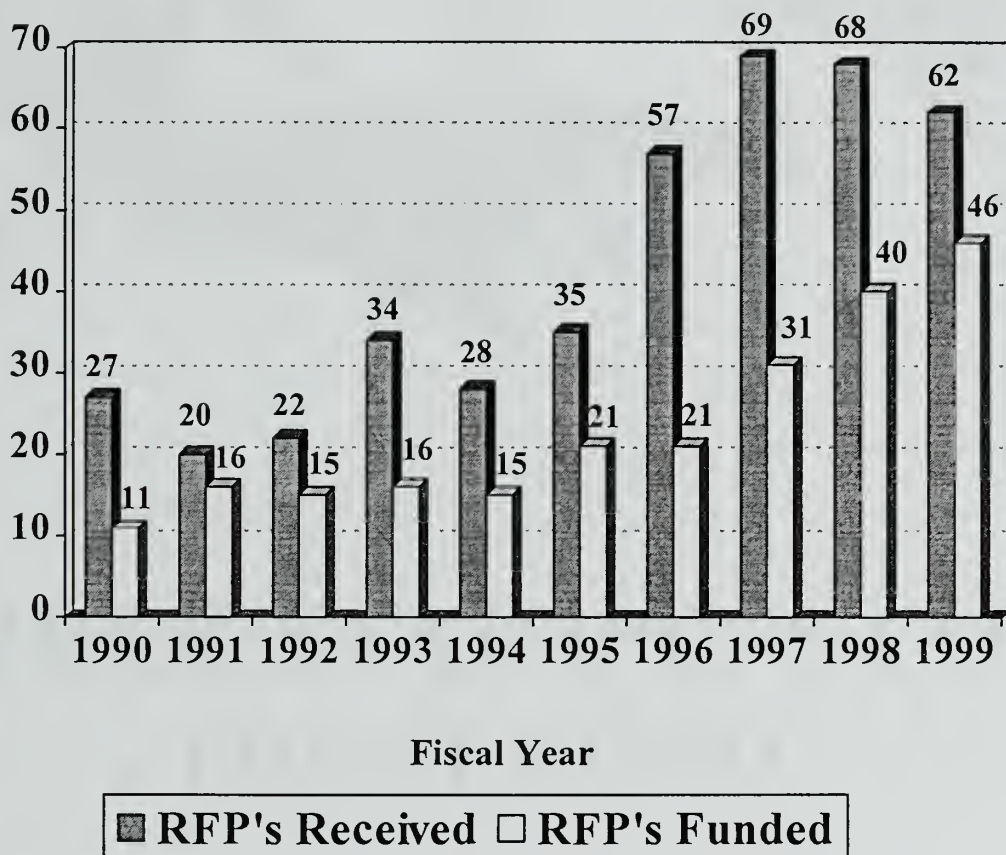


THE COMMONWEALTH OF MASSACHUSETTS

Department of Industrial Accidents

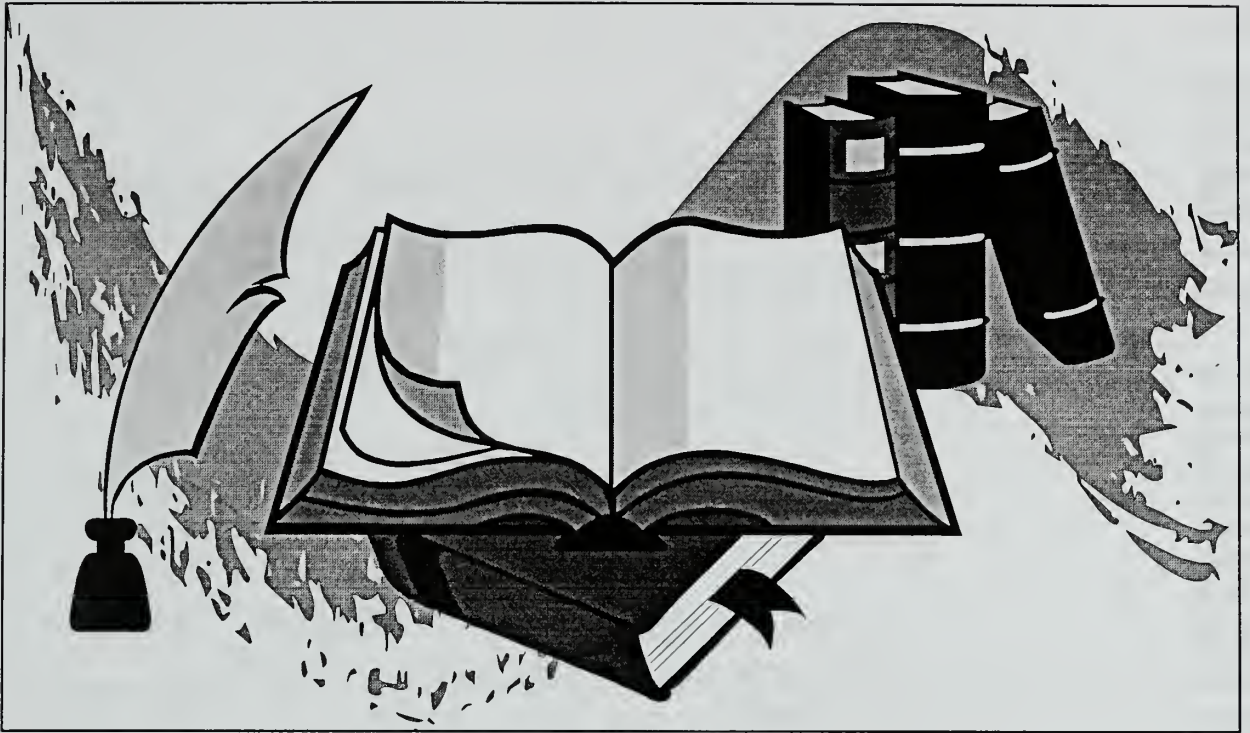
James J. Campbell, Commissioner

Office of Safety



Source: Dept. of Industrial Accidents, Commonwealth of Massachusetts
Prepared: September 1999





WORKER'S COMPENSATION TRUST FUND

Ensuring that all are covered

Workers' Compensation Trust Fund

HIGHLIGHTS

- Reorganization of the Workers' Compensation Trust Fund placing it under the Office of Legal Counsel (in accordance with M.G.L. c. 23E).
- Corrected problems in the ordering of §37/37A petitions for processing.
- Corrected problems in the processing of §37/37A petitions.
- Continued efforts to eliminate COLA reimbursement through §19 Settlement Agreements.
- Decrease in medical and weekly expenditures as a result of aggressive defense of claims.
- Increased involvement of uninsured employers in §65 claims through mandatory joinder motion early in the litigation process.
- Increased reimbursements from uninsured employers.
- Significant increase in active case management efforts and aggressive defense strategies.

WORKERS' COMPENSATION TRUST FUND

Created by statute under M.G.L. c. 152, §65, the Workers' Compensation Trust Fund (WCTF) administers the compensation program for parties bringing compensation claims under the following sections:

- §30H-Vocational Rehabilitation
- §34B-Cost of Living Adjustments (COLA)
- §35C-Latency Injury Adjustments
- §§37/37A-Second Injury Claims
- §65-Claims Against Uninsured Employers

Revenue for the WCTF is generated by assessments, interest and penalties paid by or underwritten by private employer/insurers, public employers and self-insurers, who are assessed through quarterly billings and calculated charges by the DIA.

The WCTF works to balance the requirement to fulfill statutory obligations and protect the injured worker against the need to contain costs. Several steps have been taken to reach our cost-effective goal in FY99.

The WCTF continues efforts to further its §34B settlement program with the potential to eliminate many of the COLA cases anticipated over the next three (3) years. These agreements between the WCTF and insurers seeking COLA reimbursement are designed to save long-term WCTF COLA exposure by making a one-time contribution to the employees' lump sum settlement. This should result in substantial savings in the years to come.

In 1998 the Department became aware of dissatisfaction, on the part of the petitioners, with the order in which §37/37A petitions were being processed. A management review of the WCTF process by the Department indicated there were several management and processing areas that required attention. The WCTF was reorganized on September 1, 1998 and placed under the Office of Legal Counsel based on regulatory changes in the processing of §37/37A claims. The Director of Administration and the Senior Judge now work closely to insure the fair, equitable and swift processing of these petitions. Additionally, and as a result of the review, the

Director of Administration has been designated to make payments from the Public and Private Trust Funds as authorized by the General Counsel. Claims Administration now processes §37/37A claims and these cases are then scheduled for dispute resolution in the same manner as all other claims and petitions under MGL Ch. 152. When the WCTF was directed to turn over the processing of §37/37A claims to the Office of Claims Administration (OCA) they identified and turned over 357 of their backlog cases. Subsequently, OCA uncovered several hundred more filed but unprocessed petitions in the basement storage area. In total, there were near a thousand claims filed and awaiting adjudication. The WCTF has been directed to work closely with Claims Administration in the processing of these claims, which should be completed sometime in late August 1999. The WCTF's responsibility for processing §37/37A petitions will be terminated upon resolution of this backlog. Prior to March 1998, WCTF was not using the normal claims processing protocols, and the result was the inequitable and incongruous settlement of these matters. Under these new policies and organization the backlog of pending §37/37A claims is steadily declining. The backlog has been reduced to 152 as of the end of this fiscal year.

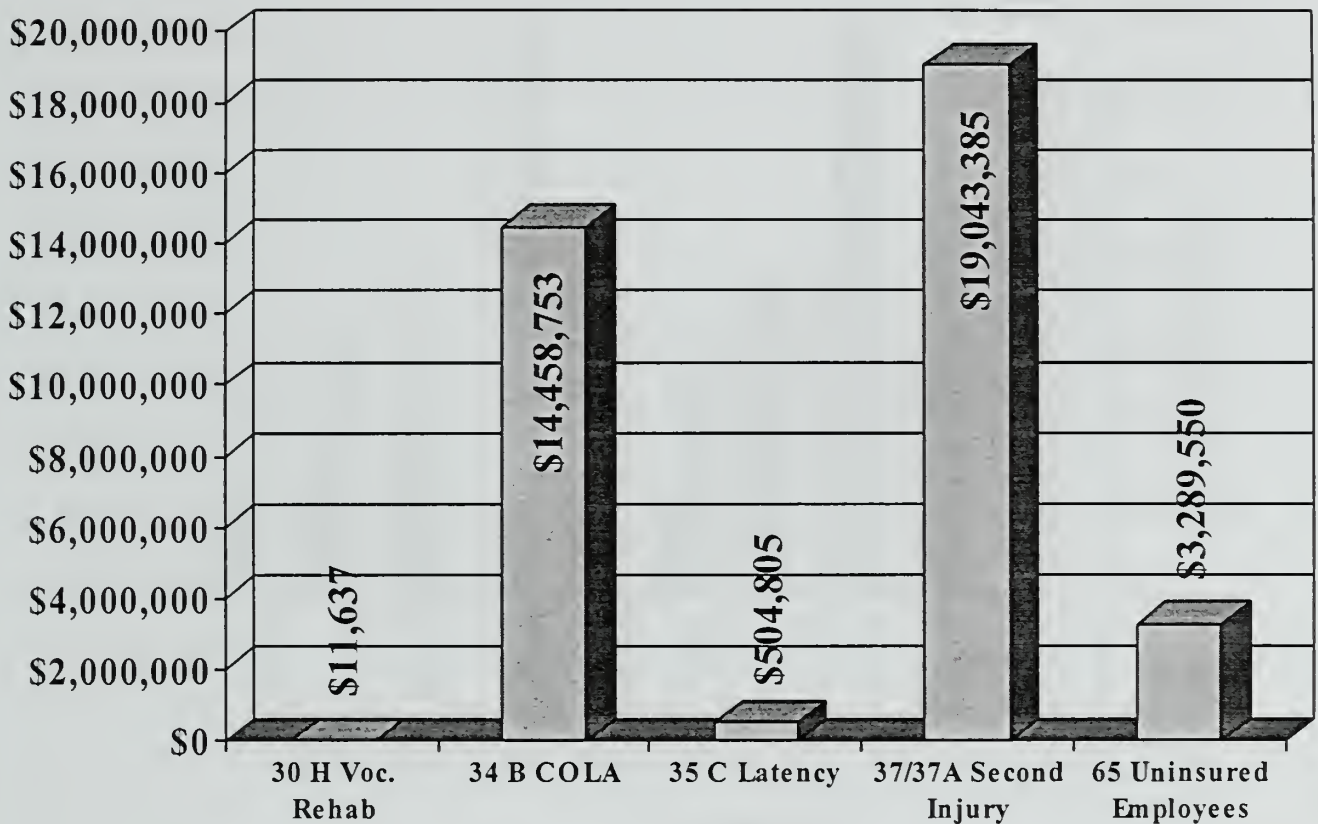
In the area of defending claims against uninsured employers (§65), efforts have been aimed at reducing costs and in recovering monies owed by these employers. The WCTF files motions to join uninsured employers on all cases, initiating negotiations for settlement/reimbursement, with the intention of reducing expenditures by increasing the employer's repayment. As a result of aggressive defense of claims, the average length of disability has decreased and lowered medical and weekly benefit expenditures. These actions will continue to produce reductions in fiscal year expenditures, as monies paid out for uninsured claims are lowered. Collection efforts for reimbursement and third party settlements from uninsured employers continue. The WCTF expects continued increase in employer reimbursement for Fiscal Year 2000.



THE COMMONWEALTH OF MASSACHUSETTS
Department of Industrial Accidents

James J. Campbell, Commissioner

Office of Finance and Accounting



Workers' Compensation Trust Fund
FY99 Benefits Paid

Source: Dept. of Industrial Accidents, Commonwealth of Massachusetts
Prepared: November 1999

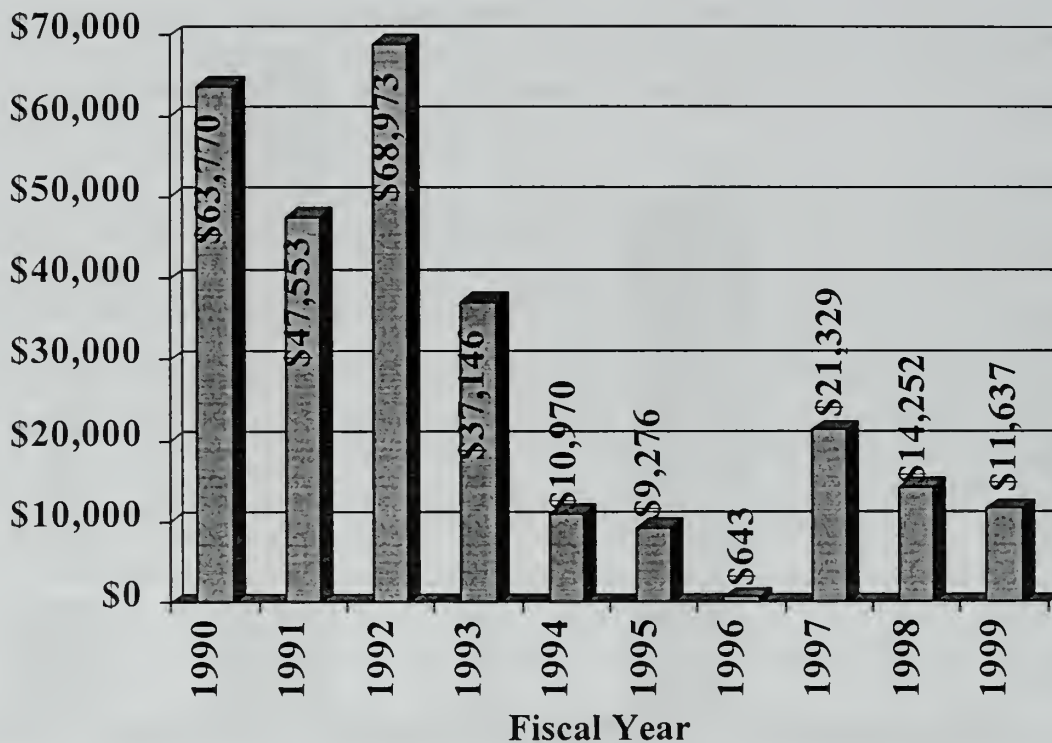


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**Payments Made by Workers' Compensation Trust Fund
for Vocational Rehabilitation of Injured Employees
on Uninsured Claims under Sec. 30H**

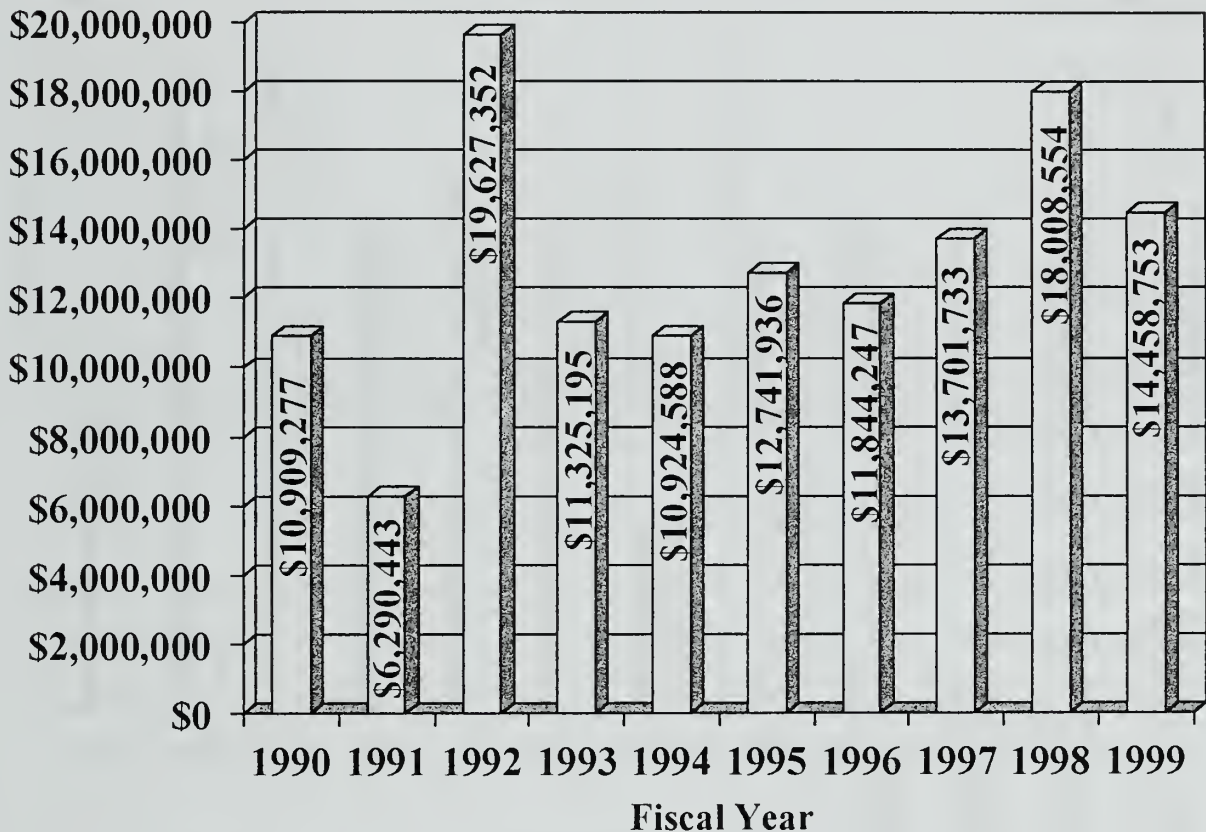
Source: Dept. of Industrial Accidents, Commonwealth of Massachusetts
Prepared: November 1999



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Department of Industrial Accidents

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**Cost of Living Adjustment (COLA) Payments made from
Workers' Compensation Trust Fund*
Under Sec. 34B**

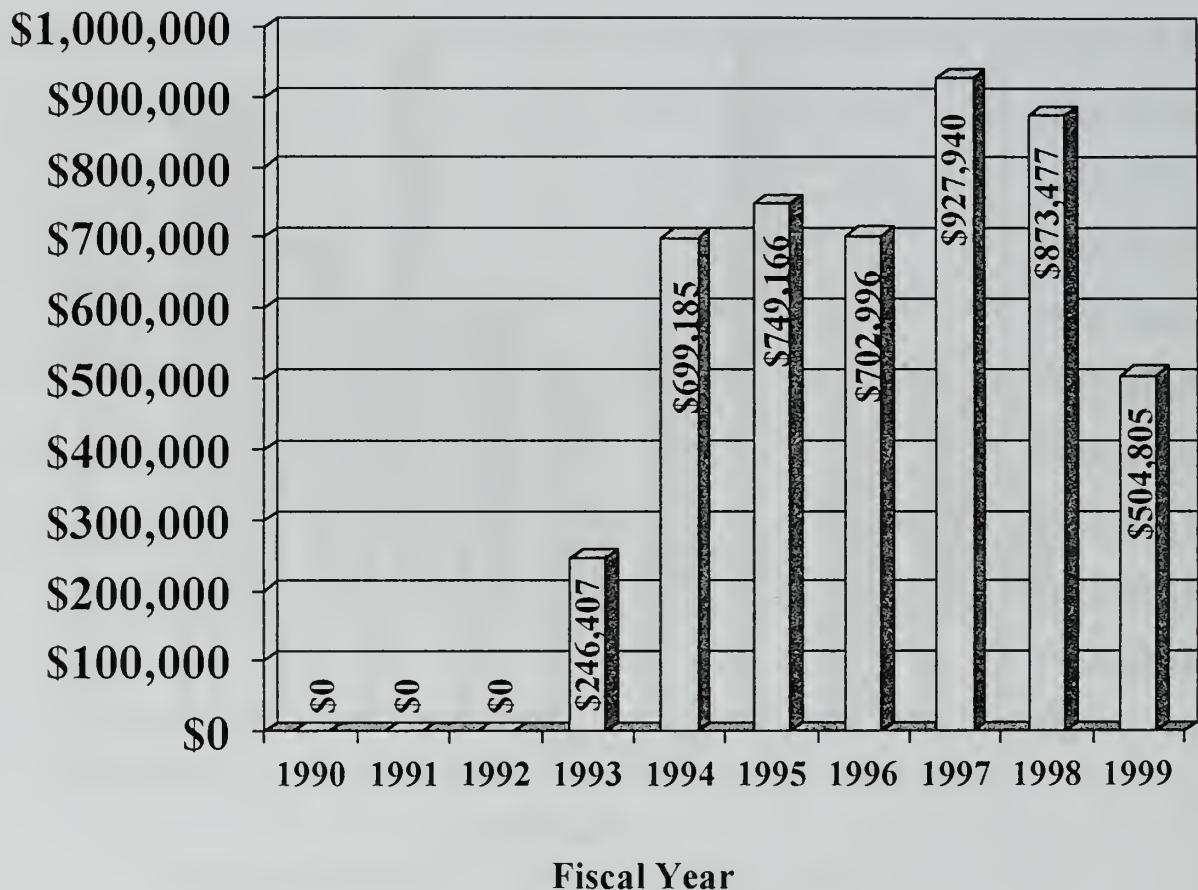
* Does not include Public Trust Fund Expenditures



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**Latency Payments Made by
Workers' Compensation Trust Fund*
Under Sec. 35C****

* Does not include Public Trust Fund Expenditures

** Payments are made under this section when the difference between date of injury and the date of eligibility under Sections. 31, 34, 34A or 35 is five years or more.



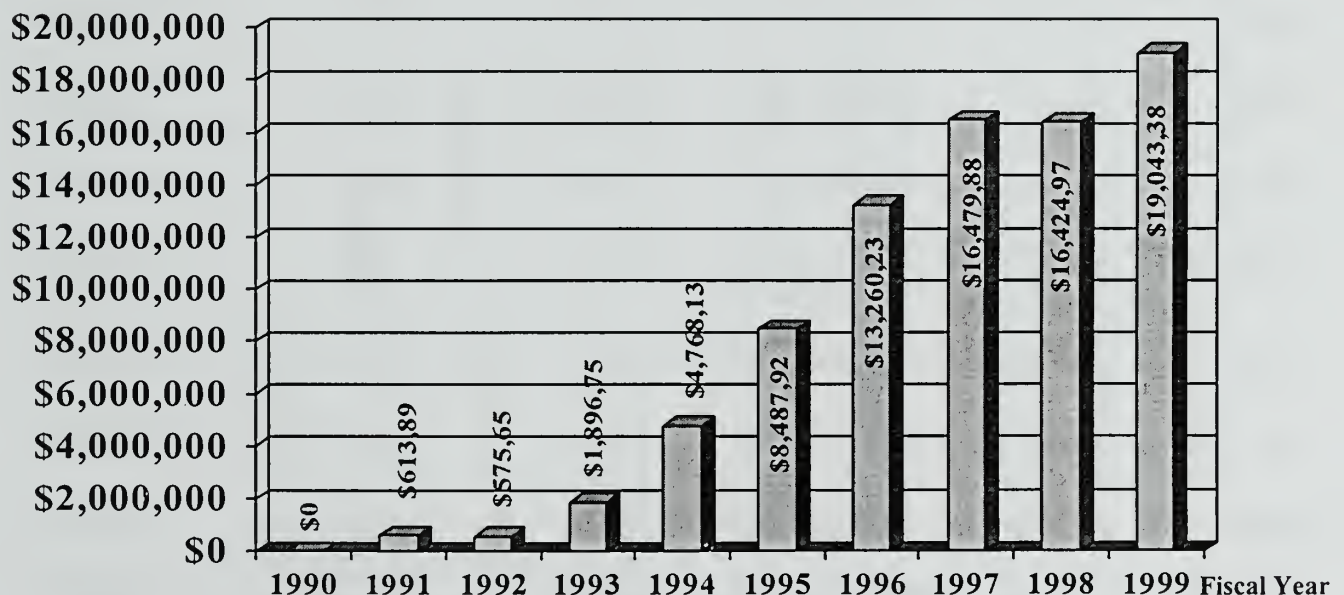
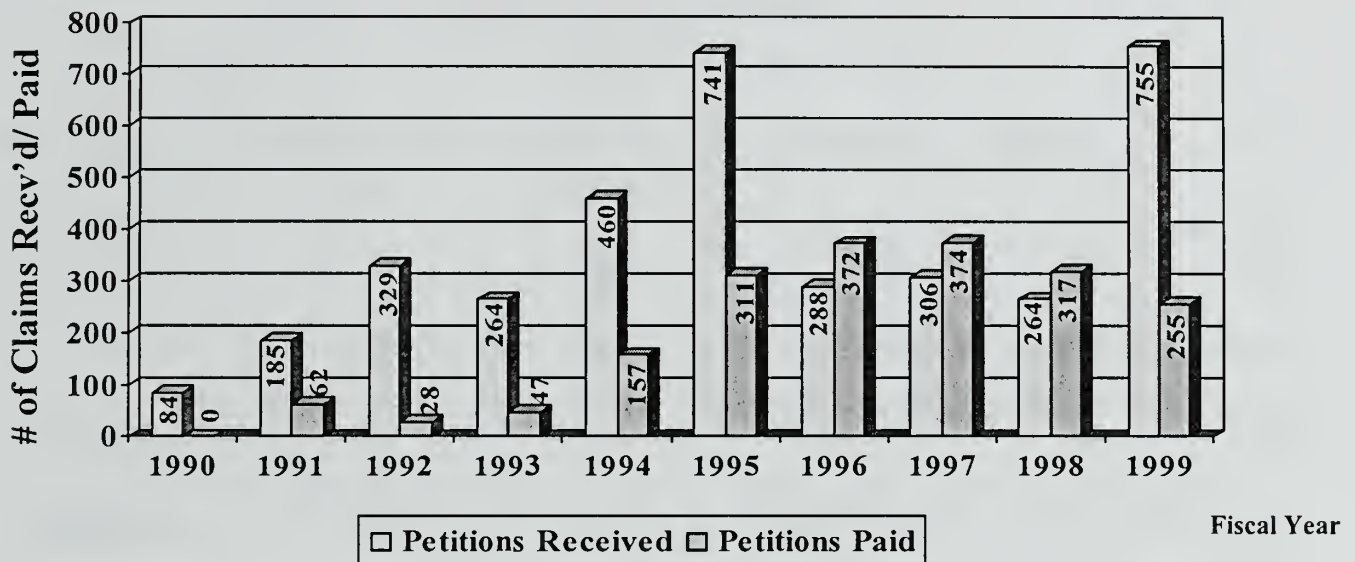
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Office of Finance & Accounting
MGL Ch. 152 Sec. 37/37A

Secondary Injury Reimbursements to Insurance Providers



Reimbursements Made by Workers' Compensation Trust Fund*

For Secondary Injury Claims
Under Sec. 37 & Sec. 37A

* Does not include Public
Trust Fund Expenditures

Source: Dept. of Industrial Accidents, Commonwealth
of Massachusetts. Prepared: November 1999



THE COMMONWEALTH OF MASSACHUSETTS

Department of Industrial Accidents

James J. Campbell, Commissioner

Section 37/37A Claims History

F Y	Budget	Dispersed	# of Petitions Received	#of Petitions Paid	Avg. Cost
Prior to 1990	\$0	\$0	20	0	-
1990	\$0	\$0	84	0	-
1991	\$0	\$613,897	185	62	\$9,902
1992	\$0	\$575,652	329	28	\$20,559
1993	\$2.1 m	\$1,896,753	264	47	\$40,356
1994	\$5 m	\$4,768,138	460	157	\$30,370
1995	\$5 m	\$8,487,924	741	311	\$27,292
1996	\$9 m	\$13,260,236	288	372	\$35,646
1997	\$16 m	\$16,479,884	306	374	\$44,064
1998	\$16.5 m	\$16,424,976	264	317	\$51,814
1999	\$19.1m	<u>\$19,043,385</u>	<u>755</u>	<u>255</u>	<u>\$60,796</u>
TOTAL		\$81,550,845	3,696	1,923	\$40,567 (Overall Avg.)

Source: Dept. of Industrial Accidents, Commonwealth of Massachusetts
Prepared: November 1999



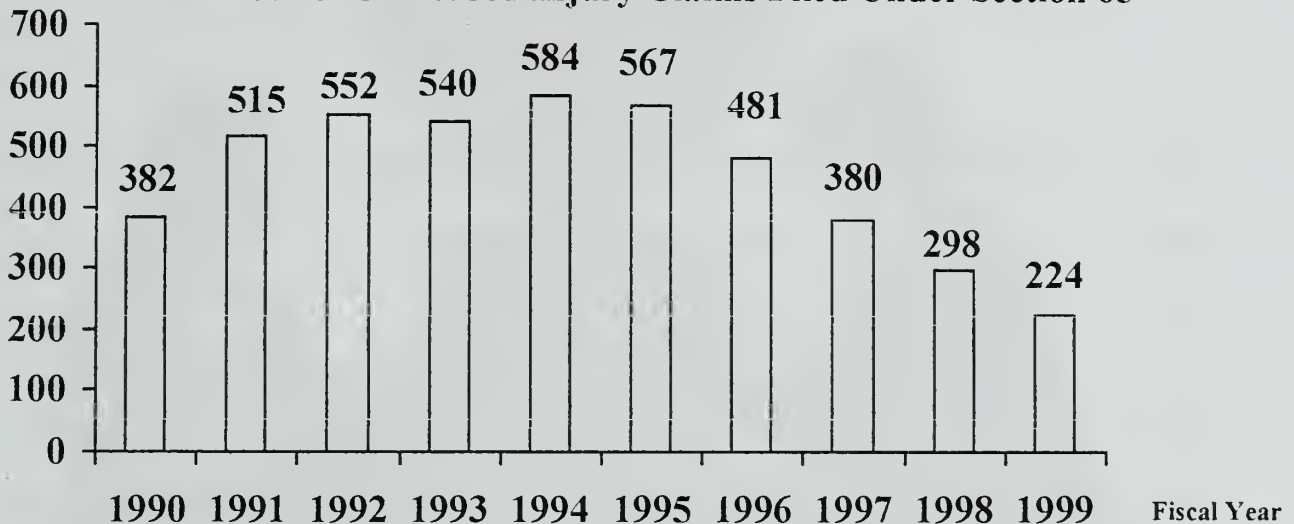
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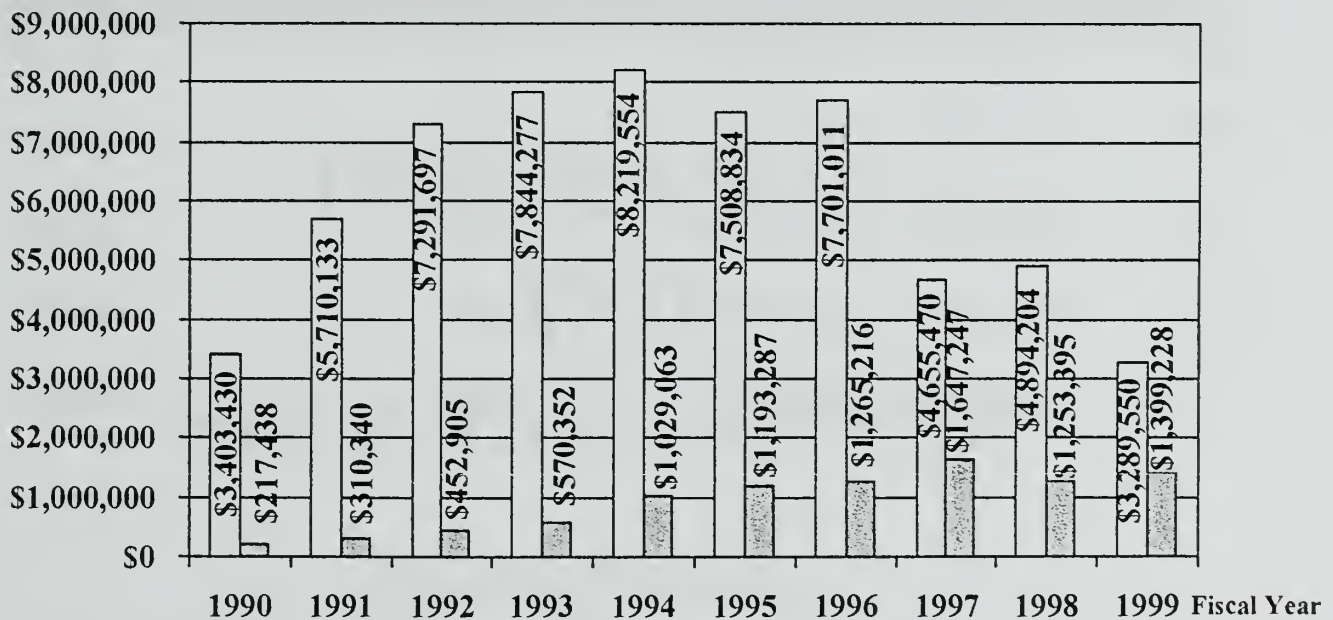
James J. Campbell, Commissioner

Workers' Compensation Trust Fund

Number of Uninsured Injury Claims Filed Under Section 65



Total Amount Paid on Sec. 65 Claims and Reimbursements Collected



Dollar Amount of Uninsured Employee Claims Paid from Workers' Compensation Trust Fund in Each Year - Does not include Public Trust Fund expenditures.

Dollar Amount of Sec. 65 Reimbursements Collected in Each Year.

Source: Dept. of Industrial Accidents, Commonwealth of Massachusetts
Prepared: November 1999



THE COMMONWEALTH OF MASSACHUSETTS
Department of Industrial Accidents

James J. Campbell, Commissioner

Office of Finance & Accounting

Sec. 65 Claim History

F Y	Budget	Dispersed	# of Claims	Avg. Cost
1990	\$0	\$3,403,430	382	\$8,910
1991	\$0	\$5,710,133	515	\$11,088
1992	\$0	\$7,291,697	552	\$13,210
1993	\$8,646,000	\$7,844,227	540	\$14,526
1994	\$10,014,510	\$8,219,554	584	\$14,075
1995	\$10,079,010	\$7,508,834	567	\$13,243
1996	\$9,132,000	\$7,701,011	481	\$16,010
1997	\$5,361,750	\$4,655,470	380	\$12,251
1998	\$6,860,500	\$4,894,204	298	\$15,622
1999	\$5,260,750	\$3,289,550	224	\$14,685

Source: Dept. of Industrial Accidents, Commonwealth of Massachusetts
Prepared: November, 1999



INSURANCE AND SELF-INSURANCE

**Ensuring Protection
for Workers**

HIGHLIGHTS

- Proofreading of Microfilmed Historical Insurance Records continued in 1999.
- The Office issued and renewed 174 Self-Insurance Licenses in FY '99.
- 530,000 Employees in Massachusetts work for Self-Insured Companies.
- In FY' 99 there were 638 major parent and subsidiary corporations in Massachusetts licensed by this Office to Self-Insure their Workers' Compensation.

OFFICE OF INSURANCE

On November 15, 1943, the Workers' Compensation Law, which was originally enacted in 1913, became compulsory for all employers. As a result, self-insurance became allowable in Massachusetts and the Office of Insurance was created on that same date. The Office is headed by the Director of Insurance and staffed with six people.

The primary responsibility of the Office of Insurance is to license corporations and their subsidiaries that choose to self-insure their workers' compensation liabilities. Before a license is issued, strict financial analysis is performed in order to insure the corporation's ability to pay all its' claims. The Office also determines the bond amount and reinsurance limits, as required by statute, to pay employee benefits and medical expenses in the event the company is unable to pay claims or ceases operations. Presently, there are 174 corporations covered by licenses issued by this Office. These are the largest, strongest, and most solvent corporations doing business in the Commonwealth. If these companies were insured, they would generate, in the aggregate, an estimated \$249,000,000 in workers' compensation premiums. Together these companies employ better than half-a-million people in Massachusetts. The amount of deposits held as collateral furnished to the State Treasurer and collected by the Office each year is in the billions of dollars.

The Office also serves as a repository for insurance records and is a vital reference resource for employees who file workers' compensation claims. Last year the Office continued to review a comprehensive program begun in 1994 of microfilming the insurance records of employers in Massachusetts from 1955 to 1991. This project greatly streamlines and expedites research to determine the correct insurance carriers when a compensation claim is filed. The ongoing examination of these records in FY2000, for the purpose of detecting photographic flaws and errors of omission, will help guarantee the readability and completeness of individual employer's insurance coverage records.



INVESTIGATIONS



“Whenever the Commissioner or his designee determines that an employer who is required to provide” workers’ compensation “has failed to do so, a stop work order shall be served on said employer..” - M.G.L. c 152 §25C.

Compliance with the Law.

HIGHLIGHTS

Investigations

- Total investigations of 33,609 dramatically exceeding FY99 figure of 30,326. Stop Work Orders issued are 1881.
- Interface with Secretary of State's new corporation database reaps rewards.
- The number of uninsured claims declined by 27%.
- Premium rates are expected to fall 20% +/- in early FY2000.
- More focused and streamlined effort result in reduced time gaps between cases and quicker case closure.
- Departmental management review resulted in changes to fine collection process, handling of defaults on Stop Work Orders and the hiring of new office staff.

OFFICE OF INVESTIGATIONS

The Department of Industrial Accidents' Office of Investigations is charged with enforcing the provisions of M.G.L. c 152 §25C that requires all employers in the Commonwealth to carry a valid workers' compensation policy at all times. The Investigators, upon finding an employer is not in compliance, must serve the business with a Stop Work Order (SWO). The SWO requires the business to close immediately upon service and carries a fine of \$100 per day until such time as the employer presents proof of a valid workers' compensation policy.

The Investigation Unit exceeded all expectations and goals in FY99. The unit evolved into two subsystems: proactive and reactive. Proactive efforts involved notification to new employers and businesses operating in the state for the first time, informing them of their requirements and responsibilities to carry mandatory workers compensation insurance coverage. Interaction with the Secretary of State's new corporate filing information, initiated in FY97, was in full swing in FY99. The impact is seen by a large increase in the total of investigation (see attached chart). Moreover, these new and dramatic proactive efforts led to a 27% reduction in workers compensation claims filed with the WCTF.

All reports for FY99 indicate that continued investigative efforts in cooperation with the Department of Employment and Training & the Secretary of State's office have made investigations rise steadily. If all goes as planned the Office of Investigations will continue, with cooperation from these other state agencies, to stride into a better and more productive FY2000.

The Investigations Unit has redoubled its efforts in regard to delinquent employers who do not acknowledge the initial Stop Work Order by re-issuing the SWO whenever warranted. The Investigators also make a conscience effort to use innovative and creative ways of finding those employers who are not in compliance with the Workers' Compensation Act.

Changes Resulting from Management Review

Upon completion of the Department's management review, change were made to the Office of Investigation in the processing of Stop Work Order fines, the handling of defaults on SWO's and the administrative staff.

Those who default on a SWO (give no response after issuance) are sent a default letter after 30 days, there is then a physical inspection. If this inspection revealed continued non-compliance, the SWO is re-issued. The collection of SWO fines was improved by more aggressive attempts to receive payments. Additionally, the office now uses the Commonwealth's BARS system (through the Executive Office for Administration and Finance) to bill employers for SWO fines to expedite the process. The position of

Research Analyst II was created by upgrading the Research Analyst I. Hiring a new staff member filled the Research Analyst I position. The Research Analyst II handles all the before and after administrative responsibilities related to SWO's, whereas the Research Analyst I provides logistical support to the investigators. The marked increase in the workload (an increase in outgoing correspondence and large number of investigations) made the additional staff necessary.

Additionally, the Office of Investigation now receives information on businesses that hire new employees from the Division of Employment and Training. Those businesses are then notified by mail of the requirement that all employers carry workers' compensation insurance.

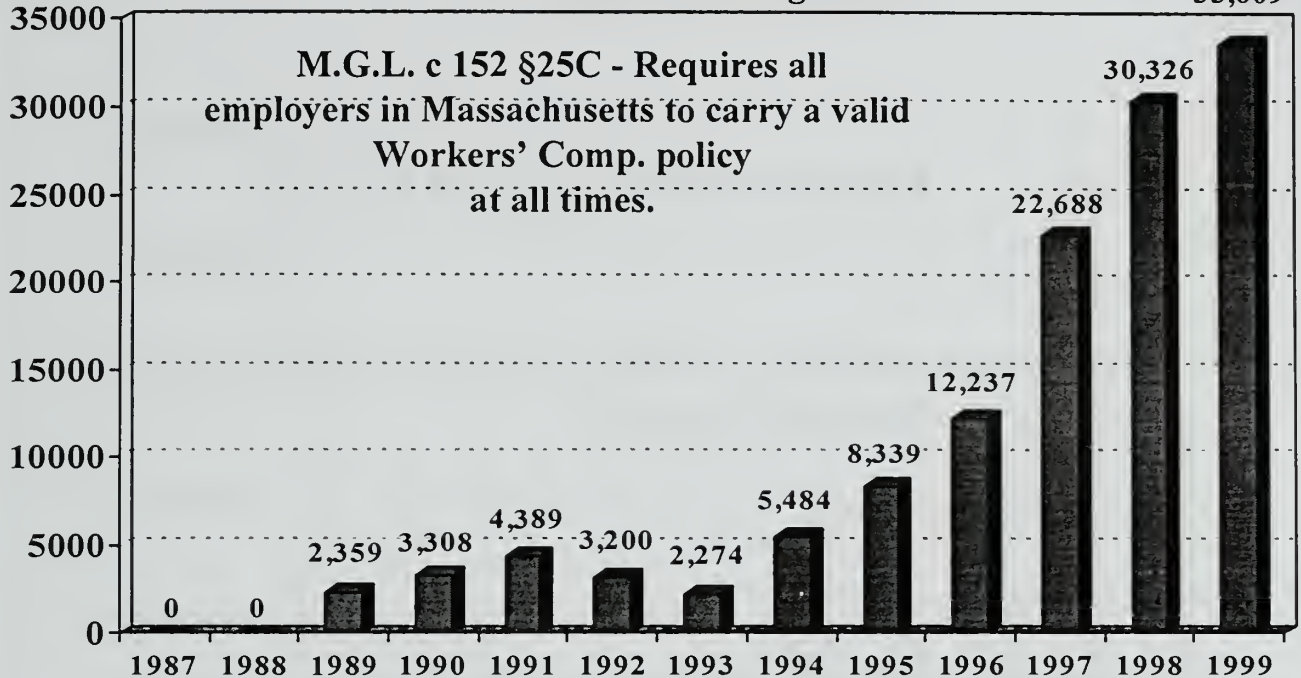


THE COMMONWEALTH OF MASSACHUSETTS

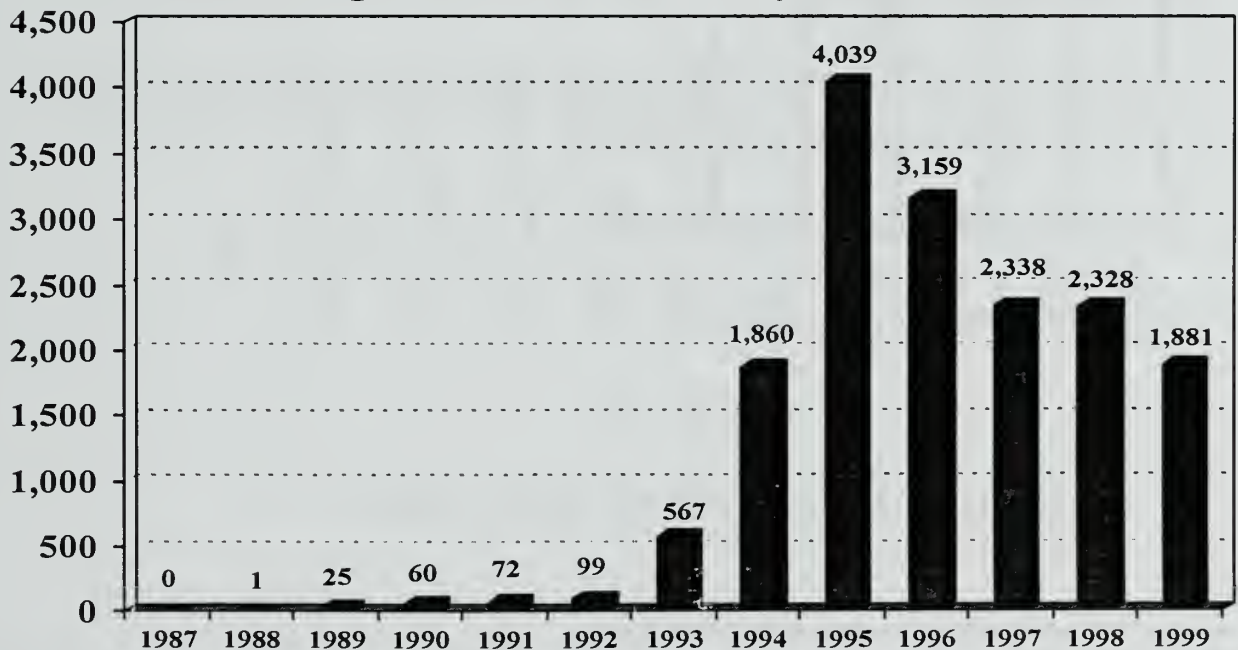
Department of Industrial Accidents

James J. Campbell, Commissioner

Office of Investigations



Investigations Conducted by Fiscal Year



Stop Work Orders Issued by Fiscal Year

Source: Dept. of Industrial Accidents, Office of Investigations

Prepared: July 1999



THE COMMONWEALTH OF MASSACHUSETTS
Department of Industrial Accidents
James J. Campbell, Commissioner

FRAUD PREVENTION FY '99

- **STOP WORK ORDERS** to employers who do not have Workers' Compensation Insurance.
 - 33,609 investigations.
 - 1,881 Stop Work Orders.
 - 250,000 workers brought under Workers' Comp. Insurance umbrella over the past 8 years.
- **PURSUIT AND COLLECTION OF DEBT** for the Workers' Comp. Trust Fund and other state agencies.
 - Increased debt collection sustained.
 - FY99 total collection = \$5,924,130.

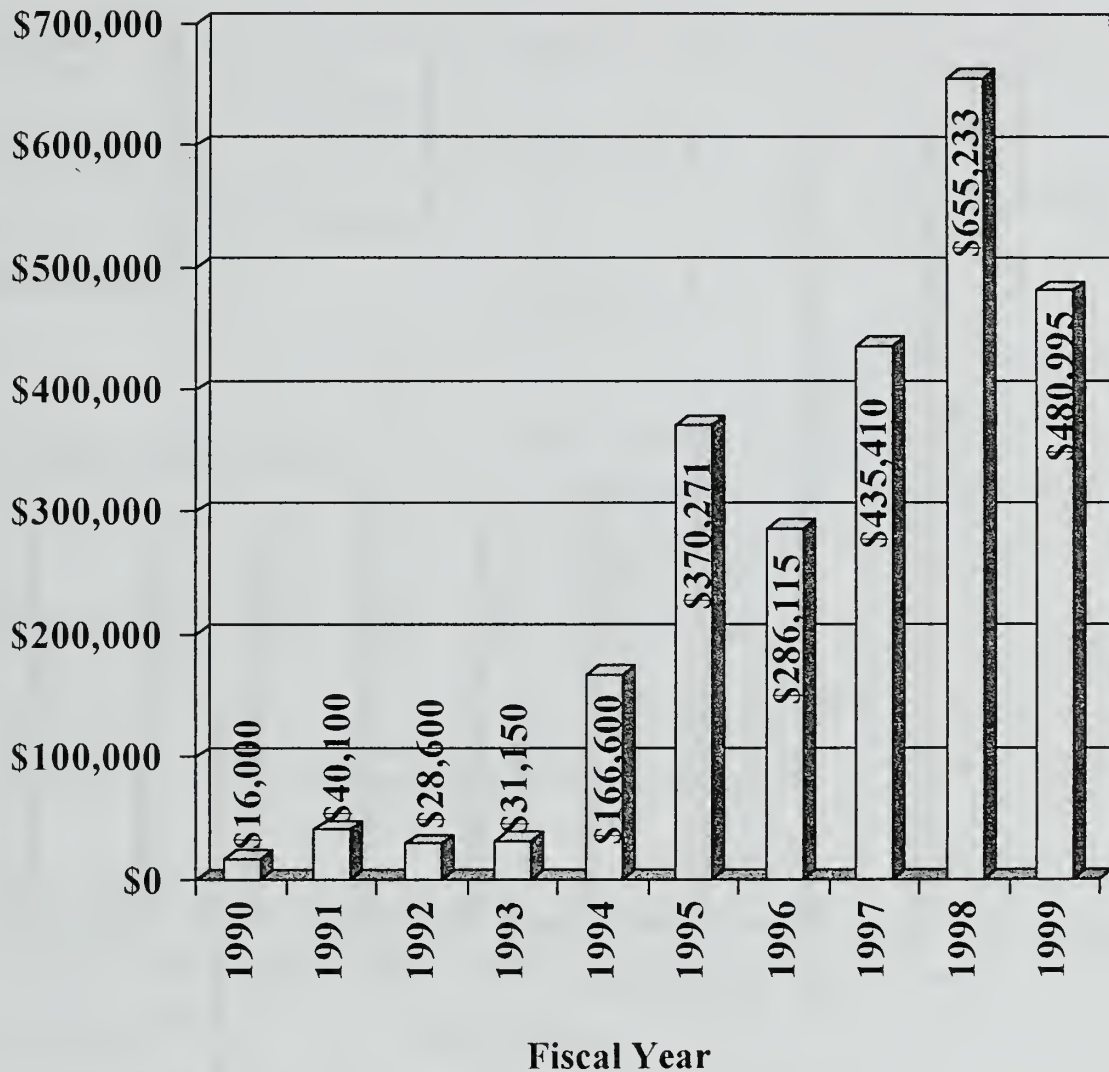


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Department of Industrial Accidents

James J. Campbell, Commissioner

Office of Investigations



Stop Work Order Fines Collected

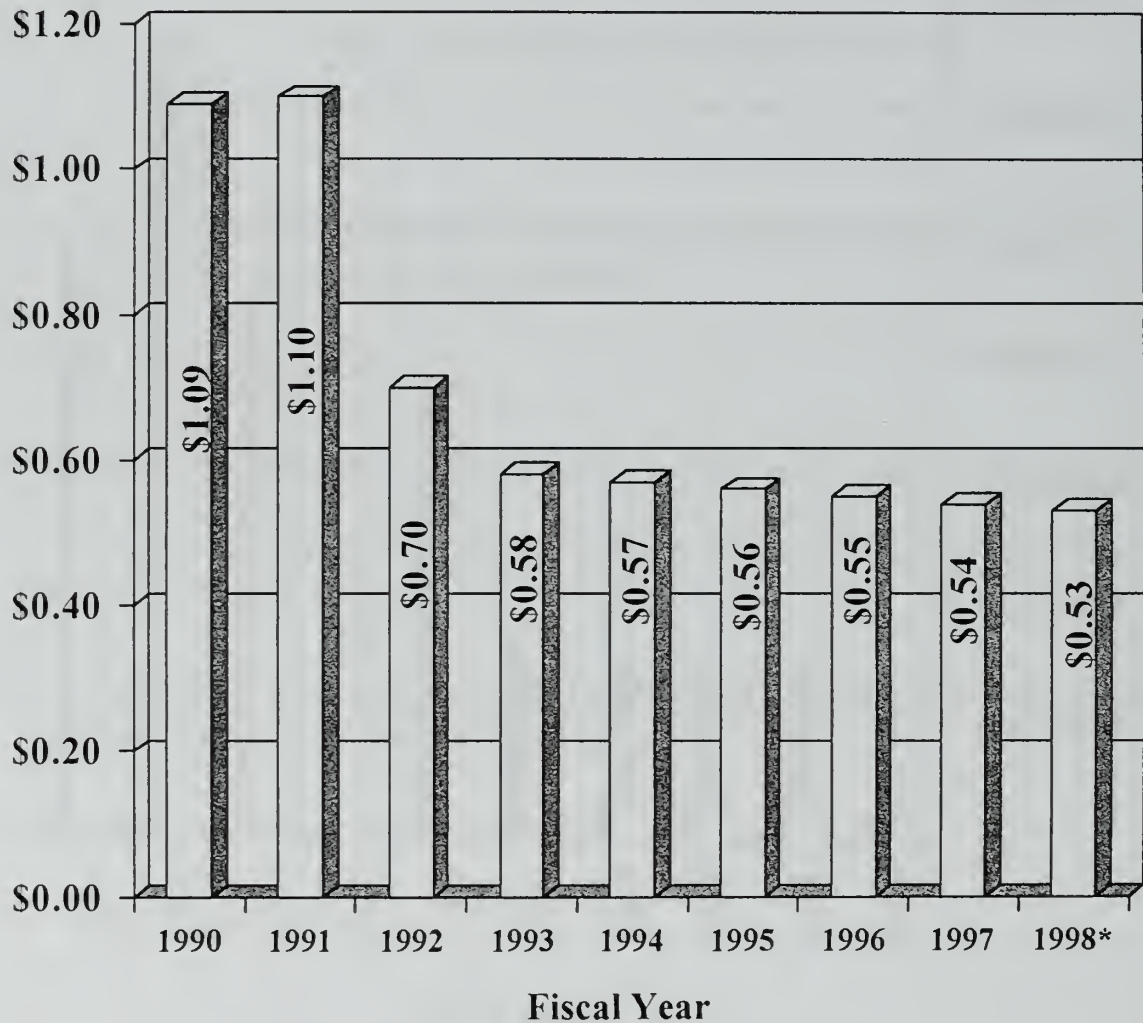
Source: Dept. of Industrial Accidents, Commonwealth of Massachusetts
Prepared: November 1999



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Department of Industrial Accidents

James J. Campbell, Commissioner



PROVIDERS' LOSS RATIO

*Last year for which data is available

Source: Workers' Compensation Rating and Inspection Bureau, Commonwealth of Massachusetts
Prepared: January 1999



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Department of Industrial Accidents

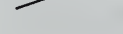
James J. Campbell, Commissioner

Pre-Stop Work Order Investigations

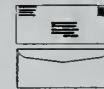
Disk received from Secretary of State
Lists new corporations - Biweekly



Letter Generated

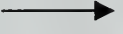
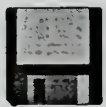


No Response
Case Assigned to
Investigator

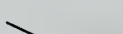
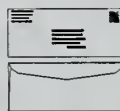


Satisfactory Response
Case Closed

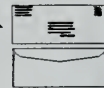
Disk received from Ma Workers' Comp
Rating & Inspection Bureau
Lists cancelled policies - Monthly



Violation Notice Generated

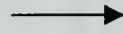
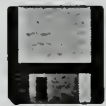


No Response
Case Assigned to
Investigator

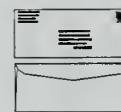


Satisfactory Response
Case Closed

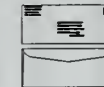
Disk received from Div. of Employment &
Training lists companies who have hired
new employees. - Monthly



Letter Generated

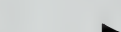
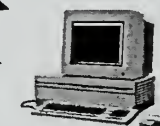
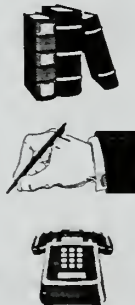


No Response
Case Assigned to
Investigator

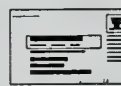


Satisfactory Response
Case Closed

Investigator develops leads



Postcard Generated



No Response
Case Assigned to
Investigator



Satisfactory Response
Case Closed

Office of Investigations



DIA & the
Mass. Workers'
Comp. System



PUBLIC INFORMATION

To Serve and Inform

HIGHLIGHTS

- Public Information Unit moved to Communications Office, in order to provide more efficient support to department.
- Provided assistance and information to thousands of callers to department who needed help navigating the Massachusetts workers' compensation system.
- Provided writing, editing, videotaping, and presentation assistance to department managers.
- Maintained and expanded department web site, <www.state.ma.us/dia>.
- Mailed out thousands of informational guides, forms and other written material to the Commonwealth's citizens in need of assistance.

PUBLIC INFORMATION OFFICE

The Public Information Desk was part of the Administrative Services Office until January 1999. After a departmental management review, it was placed under the control of the Office of Communications and is now known as the Public Information Office (PIO). The PIO is staffed by a Public Information Officer III, who acts as unit supervisor, and three Program Coordinator I's. The new management structure places the Director of Communications in charge of all external affairs under supervision of the Director of Administration and EDP.

The primary mission of the unit is to provide information and assistance about the Massachusetts workers' compensation system to all interested parties, but in particular to injured workers. The primary means of providing information is a toll-free phone line, manned by the program coordinators. Injured workers, and other interested parties, can call in on this line and be provided with up-to-date information on workers' compensation policies and procedures.

Writing, editing, and revising informational brochures is another important duty of this unit. The information office is responsible for writing and distributing the Employee's Guide to Workers' Compensation to all injured workers, as required by state law. This brochure is continuously revised and was again updated in FY99. In addition, the Employers' Guide to Workers' Compensation was also revised during the fiscal year.

In order to enhance its publishing capabilities, the unit has incorporated new computer hardware and software to improve the internal newsletter, *DIA NEWS*. Other brochures written by the unit include the above-mentioned employee and employer guides, a guide to lump sum settlements, and various instructions for filling out department forms. The information unit also liaisons with the regional offices. A program coordinator is assigned as a liaison with each office, to help ensure good two-way communication. The office also provides writing, editing, and videotaping assistance to department managers on other projects. The information unit plays a significant role in preparing the department's required annual report.

The Public Information Office maintains the Department's web-site on the Internet <www.state.ma.us/dia>. On line since March 1997, the web-site has become an important means for the Department to publish information and guidance to any interested party. The site contains informational guides, forms that can be downloaded, general information about the department, a lengthy question and answer section, copies of recent circular letters and reviewing board decisions, and links to other important sites. Updates are done on a regular basis, to ensure that all information on the site is correct and current. Department managers are being encouraged to provide additional information for dissemination on the web site as it is clear this medium is playing an ever more important role in daily life.

The personnel in the information unit require continual training due to the complex nature of the workers' compensation system. They must possess in-depth knowledge of workers' compensation law and all aspects of department functions, as well as being able to answer general questions regarding the policies and procedures of the agency. Each person in the office must develop comprehensive knowledge of one area of the agency, and then serves as liaison to the manager in that area.

A question and answer document is maintained and updated by the unit. This provides the information unit personnel, regional managers and other departmental personnel with a single source document for up-to-date answers to the most frequently asked questions about the workers' compensation system. The information unit must be aware of the duties and responsibilities of all department supervisors, and managers, in order to accurately route calls to the proper source of expertise and advice when necessary. Training ranges from informal meetings and memos from department managers, to formal training such as Human Resources Department courses, Massachusetts Continuing Legal Education seminars, and other outside courses and seminars, when required.

The unit also plays an important role in the security of the public areas of the DIA, and the safety of the Department's visitors. A State Police trooper is detailed to the department every day that conferences and hearings are scheduled. The information unit briefs this trooper on security procedures; including courtroom security, emergency evacuation, location of emergency alarms and exits, and potential problem cases scheduled for the day. The information unit also alerts the Division of Dispute Resolution about potential problems. A sign-in sheet is also kept for persons who feel they would need assistance in case of an emergency.



DISPUTE RESOLUTION

DISPUTE RESOLUTION



Swift and Just Resolution

Dispute Resolution

HIGHLIGHTS

- Scheduling time to appear before a judge at conference for FY99 averaged 3.9 months.
- Scheduling time to appear before a judge at hearing for FY99 averaged 3.1 months.
- There continued to be no conference or hearing backlogs excepting normal scheduling queues awaiting assignment to judges' conferences/hearing cycles during FY99.

DIVISION OF DISPUTE RESOLUTION

The Division of Dispute Resolution conducts the Department's adjudicative affairs and is administered by the Senior Judge. The division is divided into five units: the Industrial Accident Board, the Reviewing Board, Conciliation, Operations and the Impartial Unit. The primary responsibility of the Division is to resolve disputed cases. The Conciliation unit oversees the initial conciliation meeting between the employee and the insurer in which the parties discuss the issues in dispute. The Industrial Accident Board is comprised of 23 Administrative Judges who adjudicate disputed cases from an initial Conference to a final Hearing. The Reviewing Board, comprised of six Administrative Law Judges, functions as the appellate body of the DIA. This Board handles appeals of decisions made by Administrative Judges. The operational function within the Division of Dispute Resolution is comprised of four components: Judicial Support, Docketing, Scheduling and Hearing Stenographers. These units are staffed by approximately 80 employees each providing support to the Judges.

While the 1991 legislation had provided a temporary increase in the number of Judges, what also was needed was an administrative and scheduling system to coordinate and complement the additional personnel and revised statute to ensure the expeditious resolution of disputed claims. The plan implemented was created to not only address the sizable Conference backlog, but the objective was designed to accommodate moving the appealed cases from one queue (Conference) to another (Hearing). The number of cases waiting a Hearing date had risen dramatically and needed to be addressed, thus the Judges' schedules were modified to accommodate this increase.

During FY99, approximately 94% of the cases scheduled for Hearing were resolved. With some 5,823 cases scheduled for Hearing 5,459 of those cases settled. As for Conferences, approximately 10,798 were scheduled with 6,204 resolved during FY99.

THE REVIEWING BOARD

Although the reduction in the Conference and Hearing queue's brought more expeditious resolution of matters for parties appearing before the Industrial Accident Board, it also resulted in an increase in the number of appeals being filed with the Reviewing Board. Currently, appeals are being filed at a rate of 489 annually. The Senior Judge and the Reviewing Board developed new and more efficient methods for expeditious processing of appeals. One such development has been the Pre-Transcript Conference. The parties are brought in to narrow the issues and/or determine alternative resolution. In July 1994, the Senior Judge initiated a new case assignment system for the Reviewing Board, two

panels were named to serve for an extended period and each month each panel is assigned up to 36 appeals to accommodate new filings as well as to continually reduce the inventory of appeals.

In addition to the appeals, the Reviewing Board continues to conduct Lump Sum Conferences, §46A petitions and to hear motions for expedited Conferences. During FY98 the Reviewing Board filed 105 Decisions, 162 Summary Affirmations, and approved 66 Lump Sum settlements.

IMPARTIAL UNIT

The Impartial Unit was established in 1992 pursuant to M.G.L. c.152, §11A, (2) and §8(4) and is responsible for scheduling, monitoring and managing medical examinations. This function includes receiving and entering appeals, filing fees, examinations and refunds. The Impartial Unit's recurring budgetary expenses include depositing filing fees, requesting payment to be issued to physicians, requesting refunds of filing fees, supplies and other general offices expenses. The Impartial Unit Manager and a staff consisting of two accountants, one administrative assistant, and seven clerk's head up the unit.

An impartial physician who has been screened and placed on the Impartial Physician Roster examines employees. The physicians on this roster have met the criteria of the Health Care Service Board and are approved by the Senior Judge and a Judges' subcommittee. The one examination system with a qualified physician expedites timely resolutions of cases. An employee will receive benefits and treatment when warranted, and insurers will no longer pay for extended and unreasonable care.

Fiscal year 1999 saw a resource of up to 365 physicians, representing 30 medical specialties, available to examine injured employees with some 3,891 exams completed by the DIA's roster of impartial physicians

THE CONCILIATION UNIT

The Conciliation Unit conducts the first proceedings on all contested claims, representing roughly 30,000 cases per year. The Unit was formed in 1986, and enhanced by the 1991 reforms. At Conciliation an informal attempt is made by a Conciliator to resolve the issues in dispute. If an agreement is not reached the dispute may be forwarded to a Conference before an Administrative Judge. During FY99 the Unit resolved approximately 45% of all cases filed. The Unit has met its statutory time frame by scheduling conciliations within 12 days of receiving a claim or complaint, and there has never been a backlog at Conciliation. The 1991 Reform made the Conciliation Unit a

part of the Division of Dispute Resolution, granted authority to review Lump Sum Agreements and approve them as complete, and extended the Conciliator's authority to withdraw cases where certain filing requirements have not been met.

THE OPERATIONS UNIT

Employees within the Operations Unit implement and administer a number of different functions designed to augment and complement the DIA's statutory adjudicative mandate. While the Employees, Supervisors, and Managers primarily interface with the Judges, they also regularly interact with the Impartial Medical Unit, Conciliation Unit, and various units within the Division of Administration and parties who have matters before the Division of Dispute Resolution.

The Scheduling unit is responsible for maintaining the schedules of Administrative Judges and Administrative Law Judges (Lump Sum Conferences only) calendars, the distribution of Board files and processing rescheduling requests.

The Judicial Support Unit consists of Administrative Secretaries and Principal Clerks and provides administrative support to all of the Administrative Judges and Administrative Law Judges.

The Docketing Unit handles all computer system changes for the Judges as well as any specialized scheduling.

The Hearing Stenographer Unit is responsible for taking verbatim testimony at Hearings conducted by Administrative Judges and providing completed transcripts to Judges, the Reviewing Board, or parties to cases.

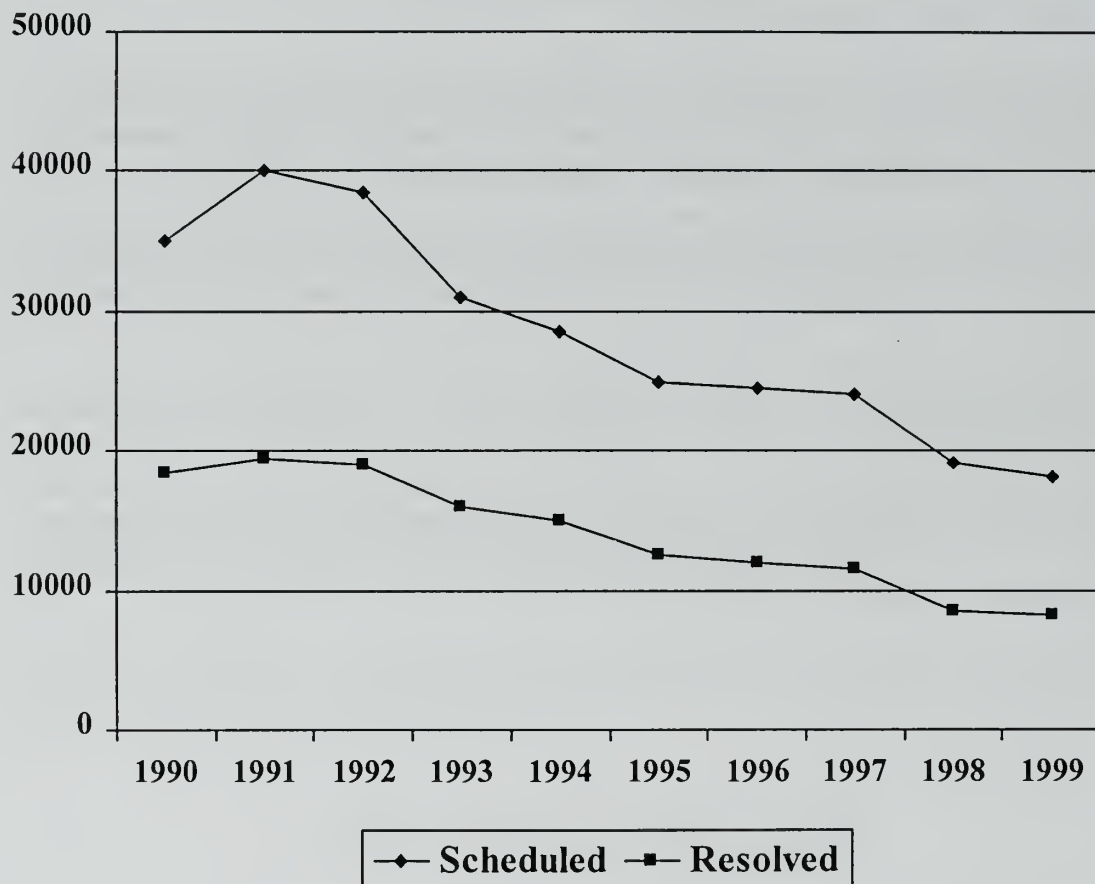


THE COMMONWEALTH OF MASSACHUSETTS

Department of Industrial Accidents

James J. Campbell, Commissioner

Dispute Resolution



Conciliations

Source: Dept. of Industrial Accidents, Commonwealth of Massachusetts
Prepared: November, 1999

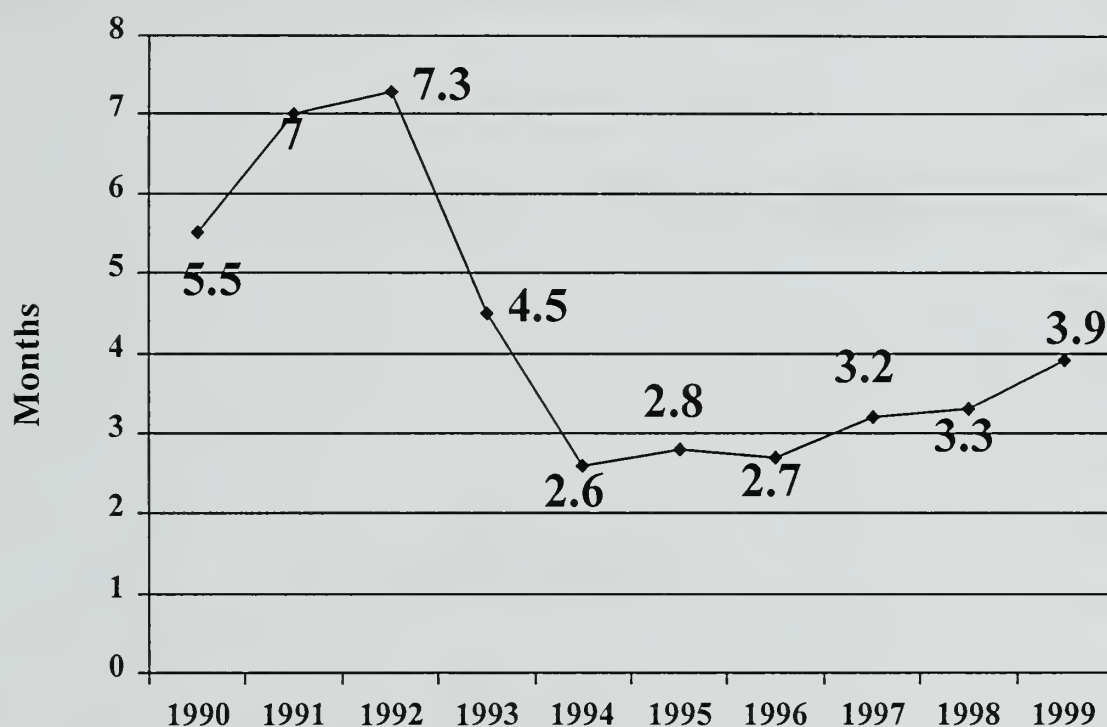


THE COMMONWEALTH OF MASSACHUSETTS

Department of Industrial Accidents

James J. Campbell, Commissioner

Dispute Resolution



Conciliation to Conference Timeframes

Source: Dept. of Industrial Accidents, Commonwealth of Massachusetts
Prepared: November, 1999

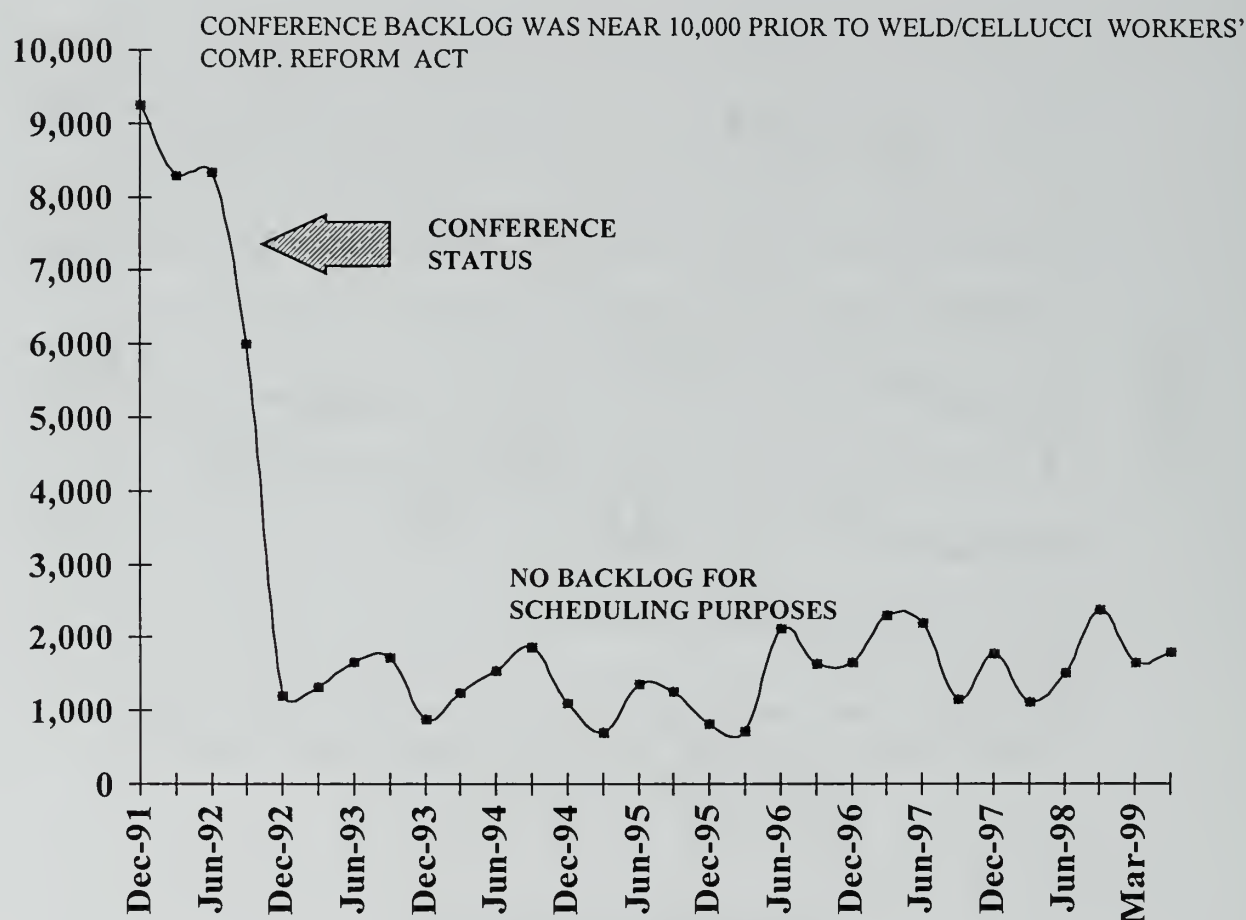


THE COMMONWEALTH OF MASSACHUSETTS

Department of Industrial Accidents

James J. Campbell, Commissioner

Dispute Resolution



Cases Awaiting Conference

Source: Dept. of Industrial Accidents, Commonwealth of Massachusetts
Prepared: November, 1999



THE COMMONWEALTH OF MASSACHUSETTS
Department of Industrial Accidents

James J. Campbell, Commissioner

Dispute Resolution

CONFERENCES/HEARINGS

	CONFERENCES		HEARINGS	
	<u>Scheduled</u>	<u>Resolved</u>	<u>Scheduled</u>	<u>Resolved</u>
FY'90	18,296	9,936	7,682	5,634
FY'91	17,567	8,993	7,368	5,672
FY'92	19,794	9,621	7,093	5,861
FY'93	25,548	14,147	9,515	6,867
FY'94	16,054	8,118	10,406	7,034
FY'95	16,134	10,847	9,076	6,133
FY'96	14,059	9,615	7,657	6,808
FY'97	13,057	8,201	6,974	6,138
FY'98	13,484	7,959	8,212	6,849
FY99	10,798	6,204	5,823	5,459

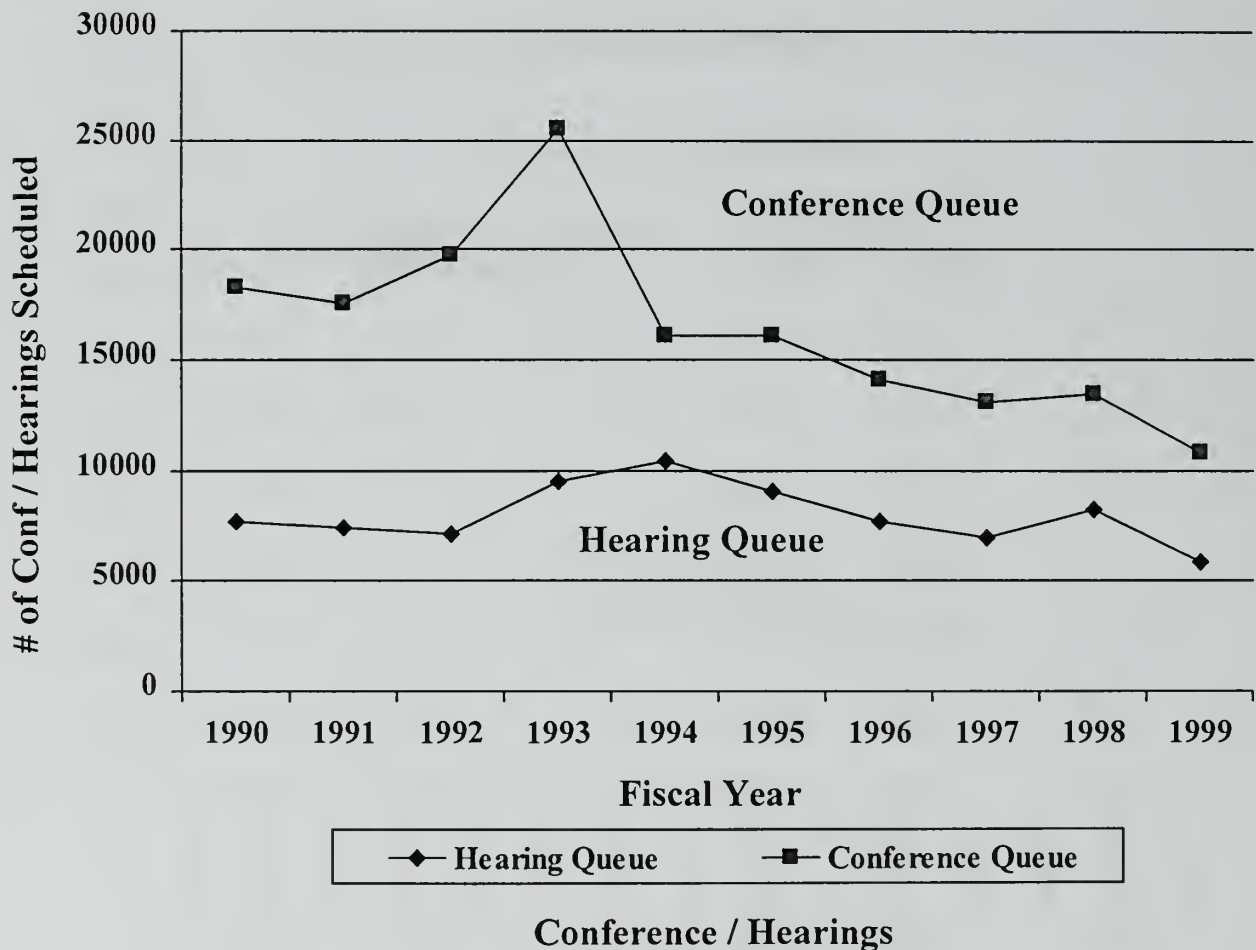


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Department of Industrial Accidents

James J. Campbell, Commissioner

Dispute Resolution

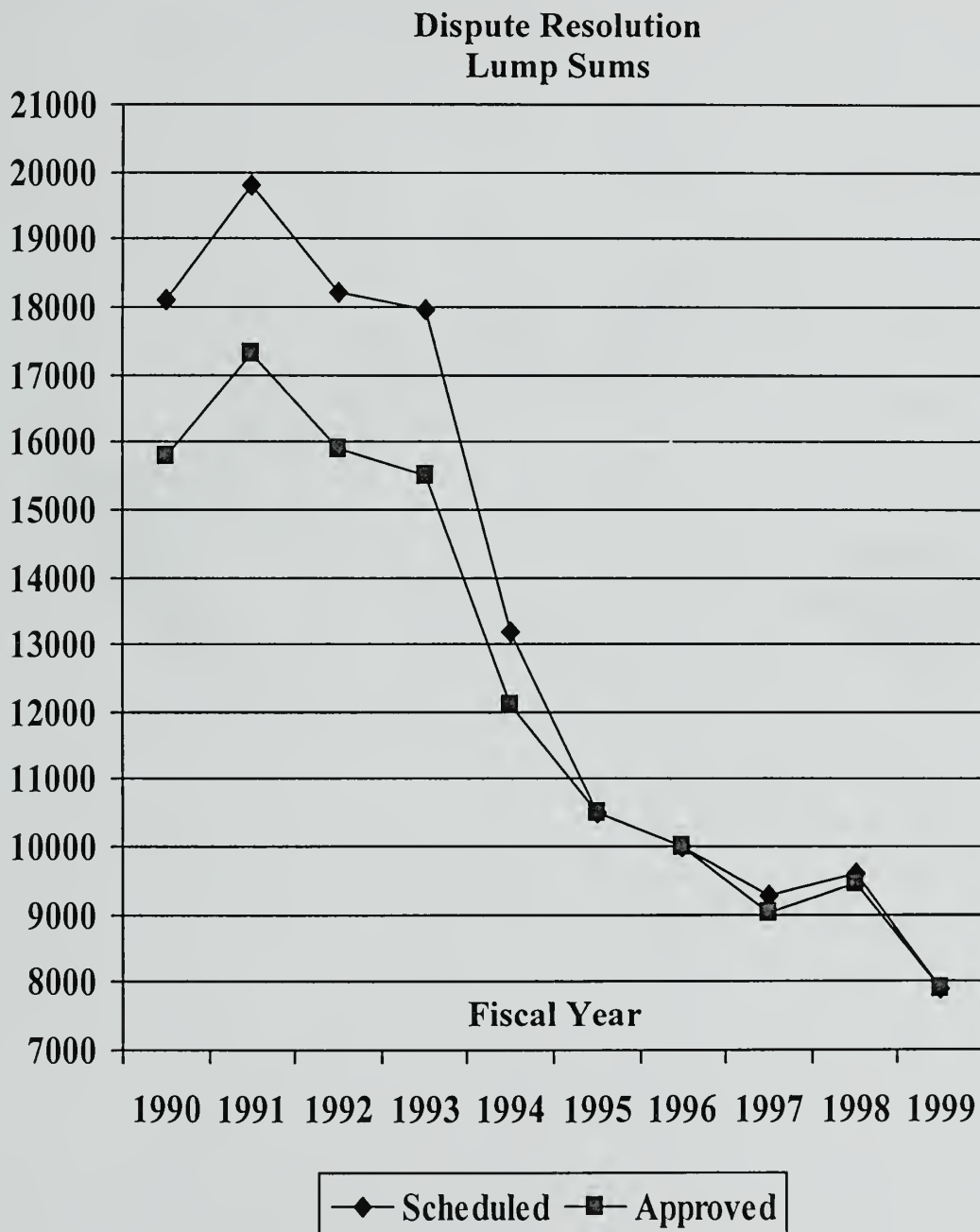




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Department of Industrial Accidents

James J. Campbell, Commissioner



Source: Dept. of Industrial Accidents, Commonwealth of Massachusetts
Prepared: November, 1999



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Department of Industrial Accidents

James J. Campbell, Commissioner

Dispute Resolution

IMPARTIAL PHYSICIAN PROGRAM

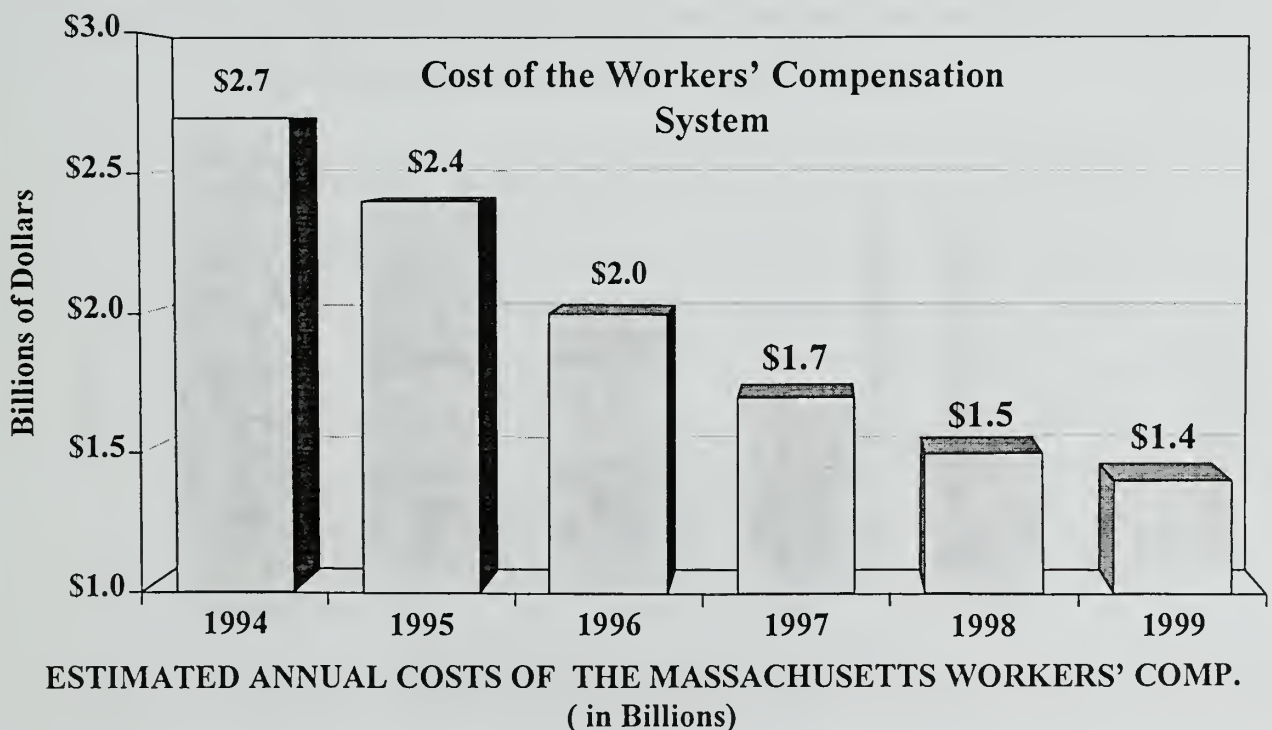
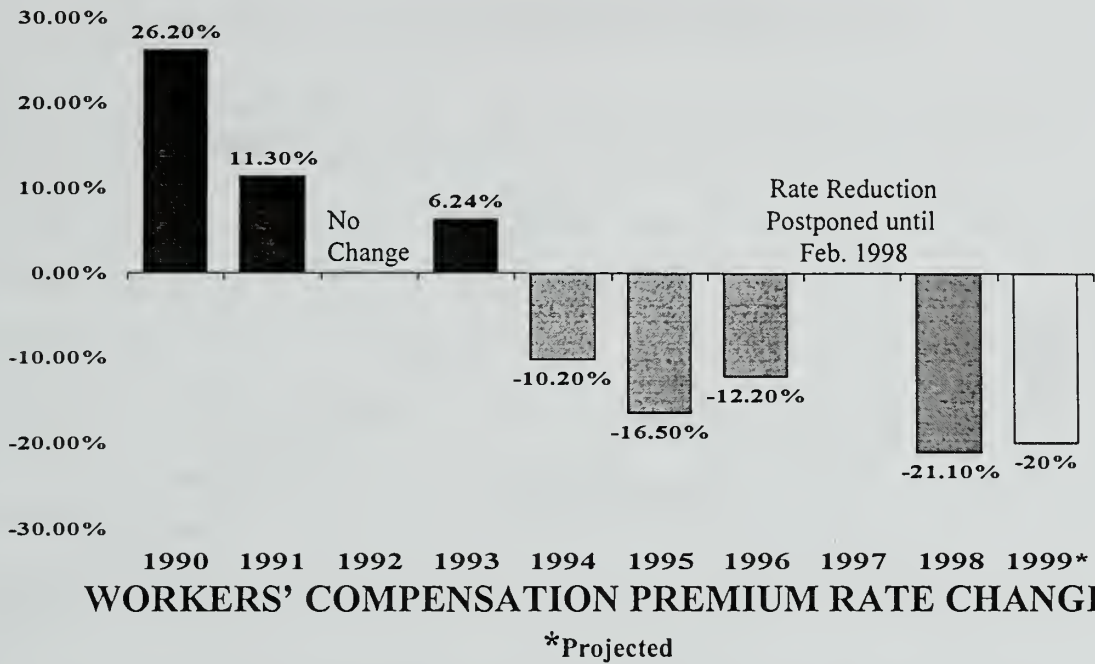
	<u>FY99</u>	<u>FY'98</u>	<u>FY'97</u>	<u>FY'96</u>	<u>FY'95</u>
MD's Under Contract	310 - 365	355	510	531	581-510
Specialties	30	29	36	36	36
Exams Scheduled	6,400	6,913	6,784	7,651	7,618
Exams Completed	3,891	4,727	4,605	5,734	4,787
Refunds	463	411	381	432	479



Summary DIA 1999 Annual Report



THE COMMONWEALTH OF MASSACHUSETTS Department of Industrial Accidents *James J. Campbell, Commissioner*

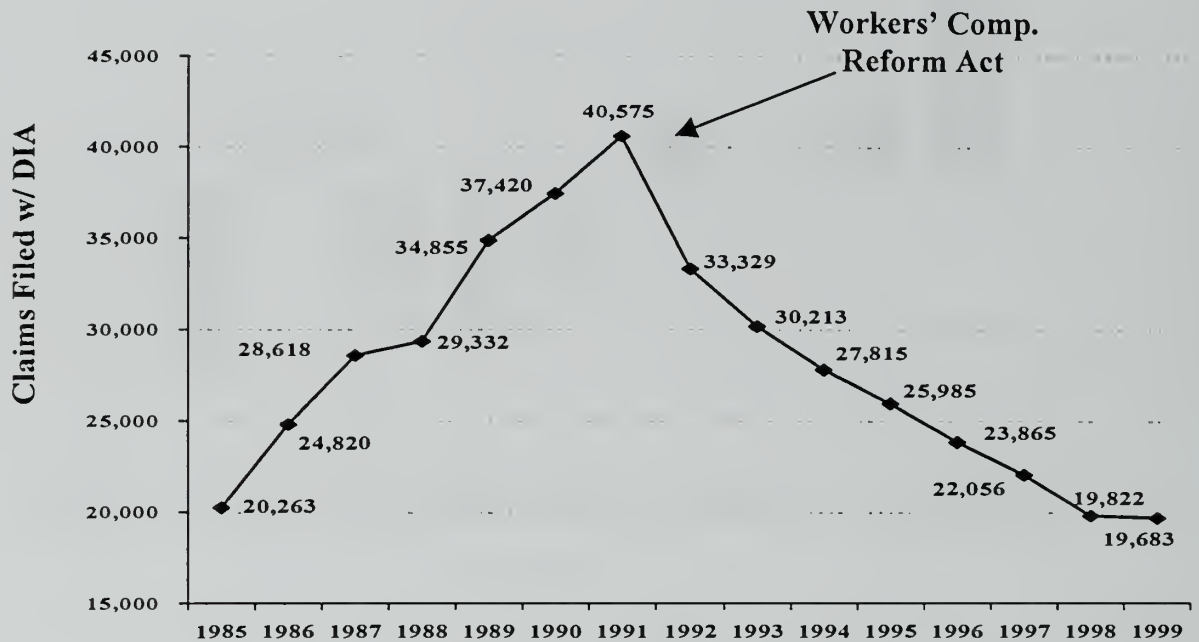


Summary DIA 1999 Annual Report

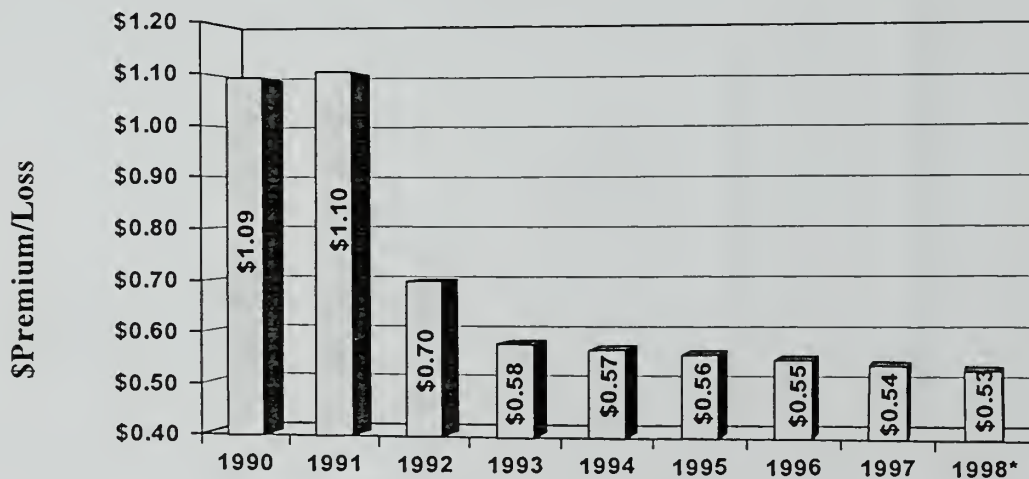


THE COMMONWEALTH OF MASSACHUSETTS Department of Industrial Accidents *James J. Campbell, Commissioner*

WORKERS' COMPENSATION CLAIMS FILED



Workers' Comp. Claims Filed w/ DIA by Fiscal Year



PROVIDERS' LOSS RATIO

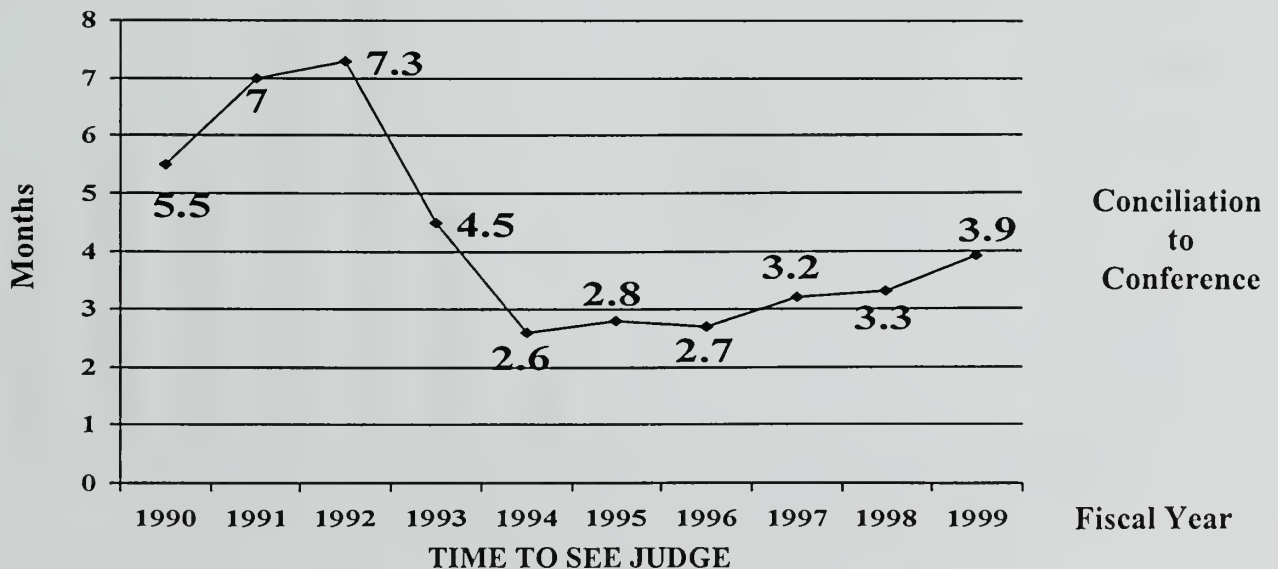
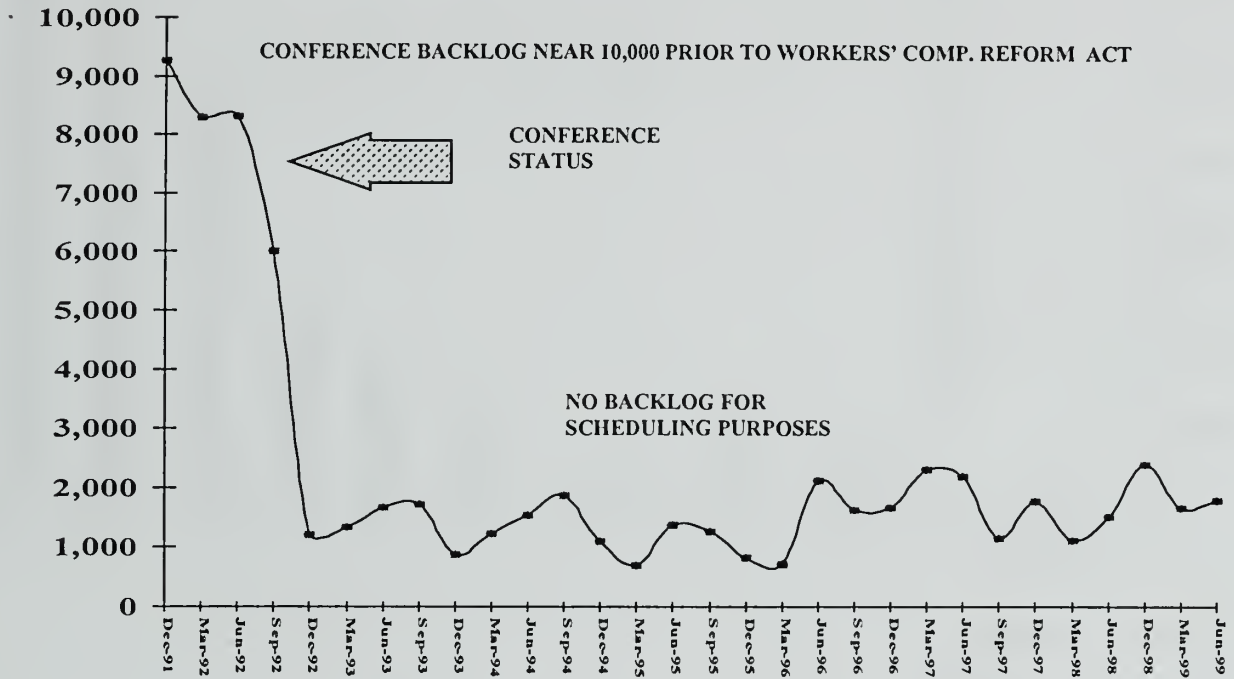
*Last year for which data was available

Summary DIA 1999 Annual Report



THE COMMONWEALTH OF MASSACHUSETTS Department of Industrial Accidents *James J. Campbell, Commissioner*

Dispute Resolution



Summary

DIA 1999 Annual Report

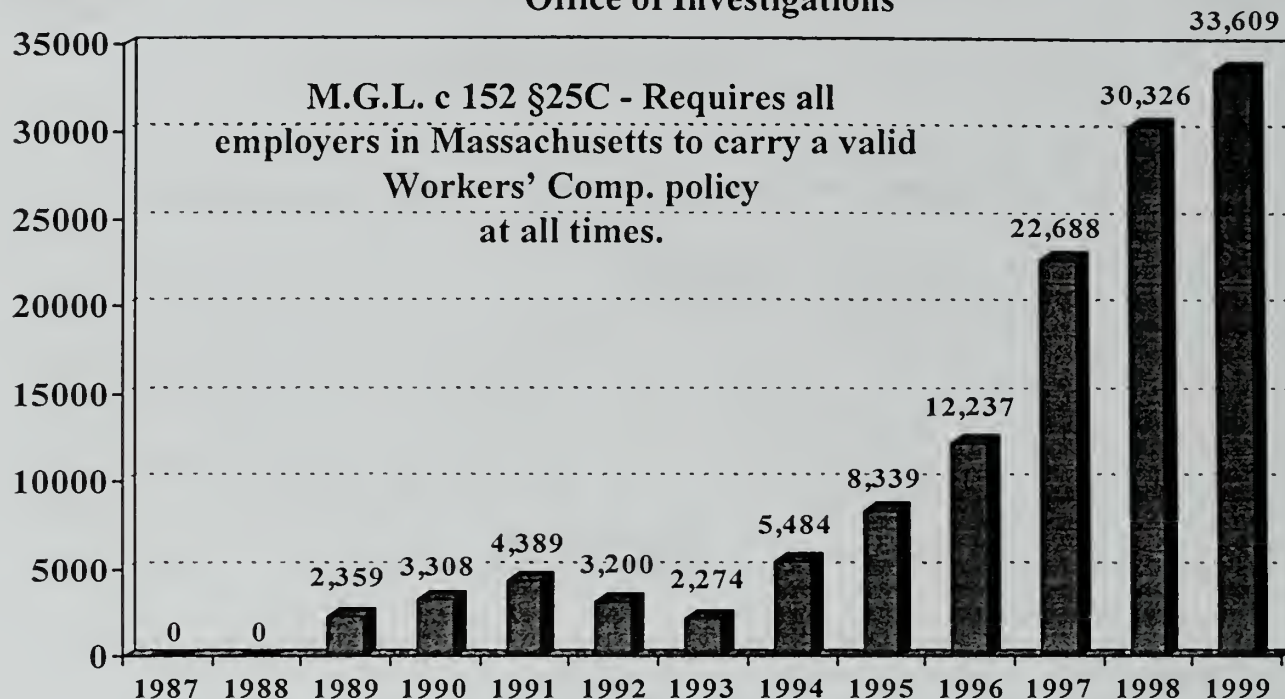


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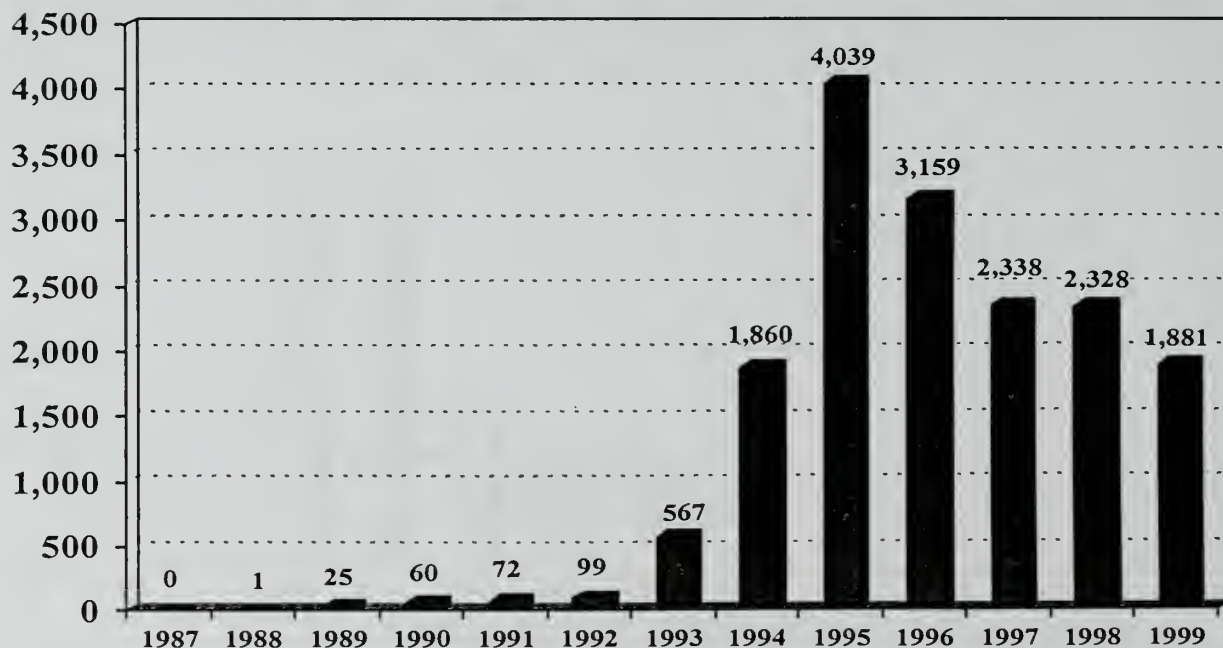
Department of Industrial Accidents

James J. Campbell, Commissioner

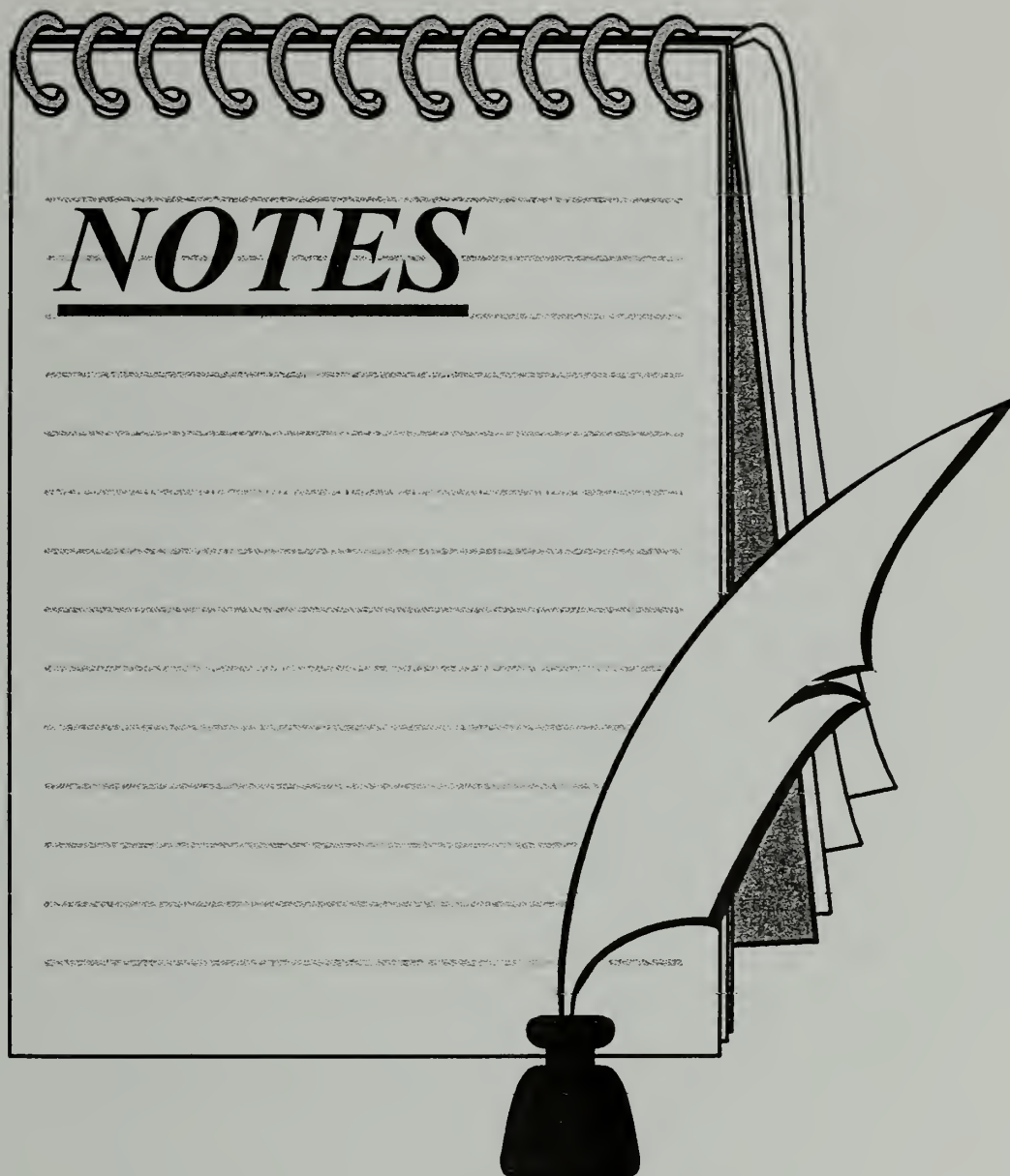
Office of Investigations



Investigations Conducted by Fiscal Year



Stop Work Orders Issued by Fiscal Year





Commonwealth of Massachusetts
Department of Industrial Accidents



600 Washington Street, 7th Floor
Boston, Massachusetts 02111




(617) 727-4900


(800) 323-3249


www.state.ma.us/dia


Region Offices



Dept. of Industrial Accidents
 30 Third Street
Fall River, MA 02722
(508) 676-3406

Dept. of Industrial Accidents
 11 Lawrence Street
Lawrence, MA 01840
(978) 683-6420

Dept. of Industrial Accidents
 436 Dwight Street
Springfield, MA 01103
(413) 784-1133

Dept. of Industrial Accidents
 8 Austin Street
Worcester, MA 01609
(508) 753-2072